FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

Smith rail link broken

Guerilla sabotage of the Matetsi River rail bridge about 28 miles from Victoria Falls was confirmed in Salisbury yesterday by Rhodesian security forces.

A locomotive was derailed and 11 trucks carrying minerals thrown into the river. Rhodesia Railways expects to reopen the line by next Wednesday. The trucks are understood to have been carrying copper from Zaire.

The most effective act of sabotage yet announced in Rhodesia, it is seen in Salisbury as a well-timed reminder by the guerillas of what they regard as their right to representation at the forthcoming conference—and of what can be expected should the conference fail to establish an interim Government.

The line is Rhodesia's sole link with the northern black states and carries a substantial proportion of Zaire's copper exports in addition to other transit traffic between south and central Africa.

France disrupted by general strike

Large-scale disruption was caused throughout France yesterday by a 24-hour general strike called by Left-wing trade unions against the Government's anti-inflation measures. Page 4

MP cleared in expenses case

Mr. John Ryman, 46, Labour MP for Blyth was cleared yesterday of all charges against him in the election expenses trial at Newcastle Crown Court. Mr. Ryman won the October, 1974, election by 78 votes. Mr. Peter Mortakis, 52, Mr. Ryman's agent, was fined a total of £400 for two offences under the Representation of the People and Perjury Acts. Page 10

Racial clashes

Police evacuated 140 black miners from the central Portuguese town of Fundao yesterday after racial clashes between black and white miners in which two people died and many were injured. Page 6

Ford setback

A political storm, which could seriously damage President Ford's chances in many of the northern industrial States he must win if he is to be re-elected, is gathering over a remark in his television debate with Mr. Jimmy Carter that "there is no Soviet domination of eastern Europe." Page 5

Ulster probe

The Army has started an inquiry into a new border crossing incident in which a helicopter yesterday dropped 17 British troops half-a-mile inside the Irish Republic because of a navigational error. By the time Irish police arrived, the soldiers had walked back into Ulster. A Newry, Co. Down, district office of the Belfast Telegraph was wrecked by a bomb last night.

Picassos found

All of the 118 Picasso paintings, valued at about £2.3m., which were stolen from the Palace of the Popes in Avignon last February, have been recovered undamaged. Six people are being questioned by French police. Page 4

Lords defeat

The Conservatives defeated the Government in the Lords yesterday in a move to curb Ministerial powers under the Education Bill which allows the Education Secretary to order local authorities to bring in comprehensive secondary education.

Briefly . . .

Remembrance Sunday will be on November 14 when two minutes silence will be observed throughout the U.K. from 11 a.m.

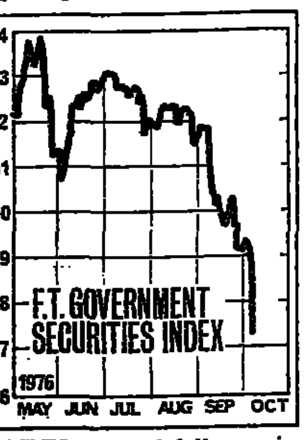
Member of a French trawler crew was fined £400 at St. Mary's for allowing his dog to go ashore in the Isles of Scilly.

BUSINESS

Wilson to head financial inquiry

● **SIR HAROLD WILSON** is to head the Government inquiry into the operation of financial institutions, with a brief to examine all bodies channelling funds into the economy. **Back Page; Editorial Comment, Page 22.**

● **EQUITIES fell sharply. The FT 30-share index was 14.6 down at 296.0. The All-Share lost 2.9 per cent. to 126.88.**



● **GILTS suffered falls ranging to 3¾. The Government Securities index fell 1.52 to 57.28.**

● **STERLING** rose 1.35c to **$1.6655; its weighted depreciation improved to 44.6 (45.5) per cent. The dollar's widened to 2.98 (2.92).**

● **GOLD rose $¼ to $115⅞.**

● ***WALL STREET closed 5.40* up at 965.09.**

● **U.S. MONEY** supply (M1) fell to $304.6bn. ($306bn.); M2: $719.8bn. ($720.2bn); Commercial and industrial loans $103m. ($139m.): key interest rates: 5.17 (5.32) per cent.; paper 5.25 (5.25) per cent

Beef prices at record high

● **BEEF PRICES have risen to record levels in fatstock markets, which will raise retail prices by up to 4p a pound. Some Danish bacon will also be dearer next week. Page 39. Major bakers have been given the go ahead to raise their prices by 1p a large loaf and ½p a small one.**

● **U.S.-DESIGNED** light water reactors can now be supplied with nuclear pressure vessels constructed to U.K. safety standards, concludes a U.K. Atomic Energy Authority study. **Back Page.** The CEGB said Britain's project to build a power station based on a steam generating heavy water reactor was obsolete. **Page 7; Feature, Page 22.**

● **GAS TURBINE** subsidiary of John Brown Engineering announced export orders worth £25.5m., bringing its total orders since April to £88m. **Back Page and News Analysis Page 10**

● **BRITISH LEYLAND** is expected to put plans to develop its *new Mini to the NEB to-day* following Longbridge workers' acceptance of productivity commitments. **Back Page.**

● **INTERNATIONAL** Computers seems within sight of winning the contract to replace the EEC Commission's outdated IBM and CII equipment. **Back Page**

● **U.S. WHOLESALE** price index jumped 0.9 per cent. in September after several months of relative stability. **Back Page**

COMPANIES

● **DEBENHAMS** pre-tax profit for the first 28 weeks fell to £2.64m. (£3.41m.). Directors say the heatwave reduced profit by more than £1m. **Page 25 and Lex**

● **EMI** pre-tax profit for the year to June 30 rose to £59.35m. (£34.97m.) on increased turnover of £671.44m. (£503.07m.). **Page 25 and Lex**

● **FRUEHAUF** Corporation of Detroit has made a £2.8m. bid for the two-thirds of Crane Fruehauf it does not already own. **Page 26**

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Crane Fruehauf	26	+ 7
Gopeng Cons.	20	+ 15
FALLS		
Treasury 11½pc 1981	£90½	— 3⅞
Treasury 12pc 1983	£90½	— 3⅞
Exchequer 13½pc '96	£88	— 2½
Assd. P. Cement	125	— 6
BICC	86	— 7
Barclays Bank	218	— 10
Cater Ryder	165	— 20
Courtaulds	94	— 7
Debenhams	53	— 5
DRG	86	— 5
EMI	176	— 13
English Prop.	28	— 3½
Glaxo	300	— 10
Grand Metropolitan	46	— 6
GUS "A"	128	— 11
GKN	234	— 8
Hammerson "A"	238	— 22
Harris and Sheldon	36	— 6
Haslemere Estates	128	— 9
Howden (Alex)	122	— 7
ICI	284	— 11
Land Secs.	103	— 11
Lyons (J.) "A"	42	— 4
MEPC	37	— 7
McKechnie Bros.	50	— 6
P and O Dfd.	96	— 5½
Pearson Longman	93	— 7
Provident Financial	45	— 9
Tate and Lyle	205	— 11
Tube Invs.	254	— 12
Vickers	129	— 7
BP	575	— 28
Shell Transport	359	— 13
BH South	170	— 15
Charter Cons.	112	— 7

MLR UP 2% TO 15% ● FRESH CALL ON SPECIAL DEPOSITS

Healey moves to satisfy IMF

BY MICHAEL BLANDEN

In an emergency move to bring Britain's money supply under control and reassure foreign creditors the Government raised the Bank of England's minimum lending rate by 2 per cent. yesterday to a record 15 per cent.

At the same time the liquidity of the banking system was squeezed further with a call for special deposits which will immobilise £700m. more funds.

The new measures are specifically aimed to cut the expansion of the U.K.'s money supply to a level in line with the 12 per cent. guideline given by Mr. Denis Healey in July.

This figure must be met to satisfy the International Monetary Fund's requirements for granting Britain's request for a $3.9bn. stand-by credit.

The move brought a mixed response from industry. Mr. John Methven, CBI director general, warned: "As long as the Government refuses to cut back its spending plans, industry is going to find it harder and harder to provide new jobs and cut unemployment. Mr. Len Murray, TUC general secretary, said: "We know, the Government knows, and the IMF should know that our real problem can only be solved by sticking to a social contract and the strategy for industrial and economic recovery to which the Government, the TUC and the CBI have pledged themselves—not by tinkering with the money supply."

The decision to move now has been forced on the Government by the preliminary evidence showing that money supply was growing at an annual rate of over 20 per cent. in the latest three-month period to mid-September.

The measures will mean a sharp rise in the cost of loans to bank customers, and an increase in mortgage rates. The building society chiefs were meeting yesterday to discuss a rise in rates, already needed because of the earlier increase in the general cost of money. The latest events could push mortgage rates to 12 per cent. or even higher.

It was being emphasised in Whitehall yesterday that the moves were designed to enforce the Government's existing policies, rather than as a first step in a new phase of restraint or in response to expected pressure from the IMF.

The Chancellor of the Exchequer has insisted on several occasions recently that he expects the IMF to be satisfied with the present targets for the growth of money supply and domestic credit expansion.

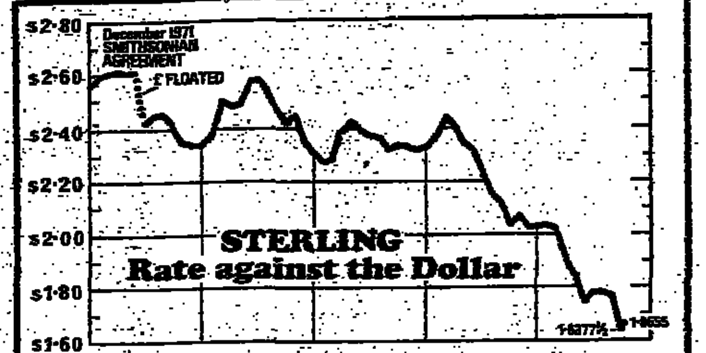
Yesterday's events also show, however, that it is felt necessary to take stiff measures to ensure that the current targets are met. And there is still a widespread feeling in the City and industry that further action, including possibly tax changes and a new examination of Government spending, could be required.

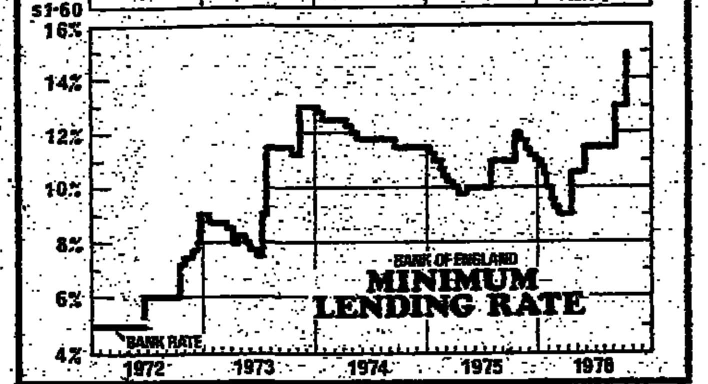
The direct purpose of the measures is to help the Government finance its borrowing requirement and reduce the danger of a monetary explosion by cutting the banks' liquidity. The Bank of England argued that action already taken had helped to moderate the growth of money supply since September, but that this now needed substantial reinforcement.

The special deposits call of 2 per cent. of the eligible liabilities of the banks and finance houses will bring in some £700m., which will reduce the short-term pressure for Government borrowing. The call, to be made in two halves on November 2 and November 15, follows the £350m. already paid by the banks as a result of last month's move, and brings the total level of special deposits to 6 per cent., or over £2bn.

Editorial Comment, Page 22. Industry's reaction, Page 11

Continued on Back Page





One-day emergency debate on Monday

BY RICHARD EVANS AND PETER HENNESSY

MR. DENIS HEALEY, Chancellor of the Exchequer, will open on Monday a one-day emergency debate in the Commons, on the economy. The Prime Minister will wind up for the Government.

Sir Geoffrey Howe, Shadow Chancellor, and Mrs. Margaret Thatcher, Conservative leader, will lead the Tory attack.

At the Conservative Party conference in Brighton to-day Mrs. Thatcher will grasp the opportunity presented by the crisis measures to proclaim the Conservative Party as an alternative government which has the policies and the unity to overcome the nation's difficulties.

In what promises to be one of the poltical opportunities of her career Mrs. Thatcher, when winding up the Conservative party conference, will warn that unless further drastic economic measures are taken ministers must expect uncompromising opposition from the Tories.

The decision to raise minimum lending rate was taken by the Chancellor and the Prime Minister early this week. It was put to the Cabinet for ratification at the last moment at its meeting yesterday morning as is customary on these occasions.

No ministerial resignations were in prospect last night. But leading Left-wingers demanded that their standard bearers in the Cabinet speak out and admit that industrial recovery was no longer possible.

The feeling in Whitehall was that no immediate cuts in public spending will be announced on Monday. The Cabinet machinery for preparing such measures is geared to the publication of a White Paper in December.

The initial reaction of shadow ministers to yesterday's measures was profound anxiety coupled with fierce condemnation of the Government's failure to get to grips with the crisis.

Sir Geoffrey Howe said in Brighton the measures were "the most shattering demonstration that the economic policy of the Government is now totally out of control. If this was a manifestation of an economic miracle then heaven help us."

And a full-blooded conference speech by Mr. Michael Heseltine, shadow industry spokesman, had the packed audience roaring its approval.

He said the move represented a total collapse of Mr. Healey's policies. It would destroy jobs, savings, investments and profits. "He should go. This Government should go, and if it had a shred of pride it would go today." Mr. Heseltine said.

It was just what the conference wanted to hear and his reception was tumultuous.

Mr. Heseltine tore into the Labour party as "a rabble of political extremists orchestrated from within the British Cabinet itself, united only by their determination to keep the red flag flying here."

Conference report Page 8

David Watt in Brighton Page 28

But the red flag had never flown in the British Isles. It was only the Conservative Party which could keep it that way. "We must not and we shall not fail," he thundered, to be rewarded with a standing ovation.

Despite this reception, members of the shadow cabinet were considerably more cautious about party tactics last night. Although they are determined to mount an all-out attack on the Government's economic policies, they recognised that unless tactics were carefully chosen there could be a harmful effect on sterling as well as a unifying effect on a Labour Party under siege.

A final decision on tactics during Monday's emergency debate will await the opening speech of Mr. Healey. If the Chancellor fails to announce further measures the Tories are certain to force a division on the adjournment motion.

A three-line whip has been sent to all Conservative MPs and a full turnout is expected.

The Tories' demand for a two-day debate will be turned down and the Opposition have no remaining supply days in the present session with which to extend it.

The reaction of Labour backbenchers during the debate will be scarcely less hostile than the Opposition's.

Mr. Brian Sedgemore, MP for Luton West and economic spokesman for the Left-wing Tribune Group, described yesterday's measures as "unbelievable—a catastrophe." A senior Cabinet Minister such as Mr. Michael Foot should speak out and say so. Even before MLR was raised, the Government's arithmetic did not add up.

Mr. Brian Walden, an influential Right-wing Labour MP, commented that although yesterday's measures were designed to strengthen sterling, its overseas holders could still decide if was "a good currency to get out of" if MLR could rise two points. Its effects on investment and mortgages would be wholly bad. "It shows we are very near the end of the road," he said.

Mr. David Steel, the Liberal leader, pursuing his party's coalition policy, called on the Prime Minister to invite party leaders to Downing Street for talks. He described yesterday's announcement as a panic measure which would "kybosh" the Government's long term industrial strategy.

Mr. Enoch Powell last night ridiculed the nation's preoccupation with the sterling exchange rate and the balance of payments. What mattered was that the terms of trade and the ratio of import to export prices had remained remarkably stable in recent years.

Sharp falls in City markets

BY MARGARET REID

CITY MARKETS yesterday reacted sharply to the MLR news, while both share and gilt-edged prices suffered sharp declines to new lows for the year.

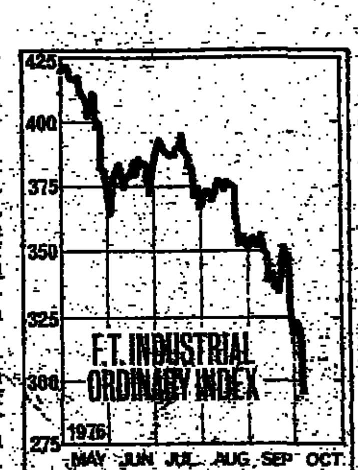
The pound staged a rally, but failed to hold its best level. Having opened a little better, rising to $1.6600 compared with the previous night's close of $1.6520, moved briskly ahead after the Bank of England's surprise announcement to touch $1.6730.

Later it fell back on some uncertainty whether the new action was adequate to the needs of the economic situation and, after fluctuating, finished at $1.6655, a rise of 135 points on the day. Little or no Bank of England intervention was reported. Gains were also registered against leading Continental currencies, including the D-Mark and the Swiss franc.

In New York the pound closed at $1.6595/6605 compared with $1.6530/6550 overnight. In London the average depreciation against other major currencies finally showed a considerable improvement, narrowing to 44.6 per cent., compared with 45.5 per cent. the previous day.

The timing and size of the 2 per cent. rise in MLR, coupled with the further call for special deposits, dealt a substantial blow to stock markets, which were not looking for such sharp action now.

Share prices fell heavily, with the FT 30-share index, which



had been 6.5 up at noon at 317.1, reversing this rise by 21.1 points to end 14.6 down on the day at 296.0, its lowest since August 15, 1975.

Shares of property companies which, as large borrowers from the banks, stand to be particularly hard hit by the increased interest rates, showed notably steep declines. Industrial leaders shed amounts of up to 12p-15p or more.

In the gilt-edged market, stocks finished with falls of around 4 points. Jobbers suspended trading for about half an hour after the Bank of England's statement until 1 o'clock to work out a new pattern of yields.

Returns on gilts, which had only recently reached the 15 per cent level, were close to 16 per cent. in some cases. The new Treasury 14½ per cent. 1994 stock, which was a sell-out when it was offered at 96½ two weeks ago, finished at 92¼, down 2¾. Treasury 12 per cent. 1983 was 3⅞ lower at 90½.

The FT Government Securities index dropped by 1.52 to 57.28. It has now fallen 12 per cent. from its 1976 peak of 65.21 on January 30.

A more severe fall of 29.6 per cent. is now shown by the FT 30-share index, compared with its high this year of 420.8 on May 4. Falls throughout the list left innumerable issues at 1976 lows.

Among the leaders, ICI fell 11p to 284p, Tube Investments 12p to 254p, while BP were 28p lower at 575p and Shell Transport down 13p at 359p.

Property issues particularly heavily knocked were Hammerson "A," 22p lower at 238p, Land Securities, 11p down at 103p and MEPC, with a drop of 7p to 37p.

Among Banks, Barclays shed 10p to 218p and the other major banks showed declines of 4p to 8p.

£ in New York

—	Oct. 7	Previous
Spot	$1.6595-6605	$1.6530-6550
1 month	1.75-1.65 dis	1.73-1.68 dis
3 months	4.90-4.80 dis	4.79-4.74 dis
12 months	16.60-14.75 dis	14.90-14.75 dis

Dearer bank loans likely today

BY MICHAEL CASSELL

BIG INCREASES in the cost of bank loans for industry and private borrowers, together with a sharp rise in the mortgage rate, are likely to follow to-day in the wake of yesterday's decision on minimum lending rate.

A decision on the mortgage rate is due to be announced to-day. It could go to 12.25 per cent. from its present 10.5 per cent. level.

The cost of bank overdrafts is certain to rise, probably to reflect the full 2 per cent. MLR increase. This would push the banks' base lending rate up to 14 per cent.

It would mean that top quality industrial and corporate customers would find themselves charged 15 to 15½ per cent. for their overdrafts. Personal customers would pay 17 per cent. to 18 per cent. for their advances.

The banks were waiting last night to see how the level of rates in the money markets settled down before making the *final decision on their own* increases. Some bankers hoped it would be possible to keep the increase at less than the full 2 per cent., in order to help their customers and limit the damaging effect on the hoped-for recovery in industrial investment.

The authorities made it clear yesterday that they intended the rise in rates to be fully reflected in the short-term money market. It is doubtful how far the banks will be able to stand against the general level.

News of the increase in MLR reached the building societies as they met in London to consider raising their rates.

*When the Council of the Build*ing Societies Association heard of the day's events, the meeting was adjourned and representatives went immediately to the Treasury for discussions. The chance of a 12 per cent.-plus mortgage rate, which had previously been discounted as politically impossible, was back on the agenda when the Council

Continued on Back Page

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LOMBARD

The Tories and industry

BY GEOFFREY OWEN

THE CONSERVATIVE document, "The Right Approach," is not entirely convincing on the subject of Government policy towards industry. It speaks of the need to scrap "the battery of weapons for interfering in industry introduced since 1974," but does not mention the fact that far-reaching powers of intervention were introduced by the Tories themselves in the Industry Act 1972. It is true that Labour's 1975 Industry Act extended these powers in new directions and removed some of the safeguards which had been contained in the earlier legislation. But the Heath Government did use the 1972 Act to intervene on a large scale—and by no means successfully. It is not clear whether the Tories now think those interventions were a mistake.

Arguable

It is one thing to abolish the National Enterprise Board, but if it is simply re-created in a different guise (though placed within the Government machine rather than outside it), no very profound change has occurred. Since the Tories admit in their document that the Government may have to rescue companies "on strategic or technological or other grounds," it might have been better to accept that a semi-independent agency like the IRC/NEB can carry out such operations, and monitor the results, more effectively than a Government department.

It is even arguable that such a body can perform certain other quasi-commercial tasks which would otherwise have to be done by civil servants. Certainly the Tories would want to limit the NEB's expansionist role, but it is notable that, even under a Labour Government theoretically committed to extending public ownership in manufacturing industry, the NEB has done very little: it has its work cut down dealing with the lame ducks.

The practical consequences of a Tory Government, in this field, might not be all that different from the present situation. The Tories would seek "a constructive voluntary partnership between government and industry," which would include government help to "smooth out" certain problems, as in the financing and marketing of exports. The Tories would presumably retain the powers of the 1972 Act, but use them more sparingly. The choice between rescue and receivership (which, as Sir Keith Joseph remarked in a speech this week, is the right way of redeploying the resources of a firm which fails to satisfy the customer) would depend on the circumstances of each case.

Equally, the Tories have nothing startingly new to offer on the nationalised industries. They would sell back to the private sector any bits and pieces for which buyers could be found, but just how they would insulate the nationalised corporations from Whitehall pressure and "ensure the recruitment of top-quality management" is not made clear. No doubt it is unfair to expect too many specific suggestions in a document which is concerned with the general lines of Tory policy, but one hopes that more radical approaches to the structure and organisation of these industries have not been ruled out.

Potentially more interesting are the Tory plans for small business, which will be announced in more detail in the next few months. The idea is that a new legal status for small firms—the "proprietary company"—will make it easier for them to get started and to grow, and will shield them from legislation which is oppressive or irrelevant to their needs. In this context it would be nice to think that the Tories will show more interest than the present Government in competition policy, and especially in the apparently inexorable process by which small- and medium-sized concerns, even successful ones, are gobbled up by the giants. An investigation is needed both into the financial factors which encourage people to sell out and into the possibility of stiffening the rules on mergers.

Another suggestion is the idea of tax relief to encourage voluntary employee profit-sharing schemes. "These schemes would be based on bonuses derived from profits belonging to the company (not the employee), which would be used to create or purchase employee shares." Past experience with employee share ownership schemes has not been altogether encouraging; people have tended to regard the shares as additions to their income, to be converted into cash as soon as practicable. But the principle of giving people a direct stake in the profits of the company which employs them is certainly right. It is not a panacea for all industrial relations ills and it may not work in every company, but at least the tax structure should facilitate the introduction of these schemes, not discourage them.

APPOINTMENTS

New chairman at Orion

Sir Antony Part, previously Permanent Secretary, Department of Industry, is to become chairman of Orion Insurance and joins the Board on October 11. He succeeds Mr. Lucas Ralli, who will leave his position at the end of the year due to the demand of his expanding family business interests.

★

C. T. BOWRING AND CO. state that Mr. G. H. C. Wakefield has been appointed non-marine underwriter of C. T. Bowring Underwriting Services. Mr. Wakefield was previously a director of C. T. Bowring and Co. (Insurance).

★

Mr. Philip J. D'Angelo, president and chief executive officer of DANIEL E. NOONAN, INC., the New York foreign exchange broking subsidiary of Guinness Peat Group, has become chairman of the company upon the retirement of its chairman and founder Daniel E. Noonan. At the same time Mr. Algernon M. Ellien, formerly vice-president and treasurer, has been made executive vice-president while remaining treasurer.

★

Mr. D. J. Allday has been appointed managing director of AE AUTO PARTS.

★

Mr. L. W. Wincott has been made deputy chairman and Mr. John Kinning deputy managing director of J. AND H. B. JACKSON. Mr. H. F. Cooper, the previous deputy chairman, continues as a director and remains chairman of Hughes Johnson Stampings and Light Metal Forgings, two of the subsidiaries in the forgings division.

★

Mr. Ron Masters has been appointed managing director of PRICE AND PIERCE (INSURANCE BROKING).

★

WESTON-EVANS GROUP states that Mr. Geoffrey Young has become a director of one of its subsidiary companies, Holgate, Fishwick and Leather.

★

Mr. Peter Brown has been appointed marketing director of LOUIS MARX a subsidiary of Dunbee Combex Marx. In addition, Mr. Tudor Davies has been made production director of Louis Marx from works manager.

★

Mr. P. W. D. Perrin, managing director of Webbs Fertilisers, has been elected president of the FERTILISER MANUFACTURERS ASSOCIATION, and Mr. T. C. Haddow, commercial director of UKF Fertilisers elected vice-president.

★

Mr. Michael Sharman, finance manager of CHLORIDE GROUP, has been appointed executive director responsible for all Chloride's industrial battery companies in the U.K. Mr. Sharman will take over all the responsibilities of Mr. Ian Storey who has become chairman of Chloride's Africa and Australasia Division.

★

Mr. John D. G. Evans, managing director of specialised (industrial) plant has been appointed chief executive of the new industrial services division of P. D. POLLUTION CONTROL. Mr. Evans has also joined the Board of P. D. Pollution Control.

★

Mr. Derek Gilligan, has been appointed director and general manager of REVLON OVERSEAS CORPORATION, Maesteg.

★

The new chairman of the Royal Commonwealth Society's Central Council is Sir Michael Parsons, chief executive of the Inchcape Group. Three new deputy chairmen have been elected: Sir Cyril Pickard, Mr. E. J. Bickersteth, the society's treasurer, and Mr. R. E. Manley.

★

CRAVENS HOMALLOY (SHEFFIELD) states that Mr. John Hope has been appointed sales director.

★

Mr. Kenneth Johnson has joined the Board of STEEL PROCESSING (MIDLANDS), part of United Spring and Steel Group. Mr. Johnson, is also sales director of the group's steel stockholding subsidiary, Bore Steel.

★

Following the retirement of Mr. John Perry, Mr. Bernard H. Leser has been appointed managing director of the CONDE NAST PUBLICATIONS.

★

Mr. Gordon A. Whitehead, managing director of Smith Stone and Knight, has been appointed to the Board of the parent company DOLAN PACKAGING.

★

Sir Monty Finniston has been appointed a non-executive director of CLUFF OIL and Dr. H. V. Dunnington becomes an executive director, while Mr. Edward Hart has been appointed exploration manager.

★

Mr. F. G. Hawkings has become a director of ALLIANCE INVESTMENT. Mr. Hawkings is the chairman of Stone Platt Industries.

★

Mr. D. W. Oram, production director of DOWTY MECO, additionally has been appointed deputy managing director of that company and Mr. F. Lampl, who has been technical director of Dowty Meco since 1972, has been appointed export marketing director of DOWTY MINING EQUIPMENT.

★

Mr. J. G. Waters has been appointed to the Board of LETRASET INTERNATIONAL, as corporate finance director.

★

Mr. Dennis Crabtree has joined CARLISLE WEB OFFSET as managing director.

★

Mr. Desmond Preston has been appointed as chairman of NEW DIMENSION.

★

Dr. Peter Roderick has been appointed director of the British Steel Corporation's ASSOCIATED PRODUCTS GROUP, part of BSC's Welsh division, from January 1, in succession to Mr. Brian Moffat who was recently appointed director, Port Talbot.

★

Mr. A. Upson, joint managing director of F. C. Fairhead, and Mr. S. P. Hayklan, managing director of Compton Wiggins, have been appointed directors of WIGGINS CONSTRUCT.

★

Mr. Gerald Kaufman, Minister of State, Department of Industry, has appointed Mr. Roger Kingdon, chairman and managing director of Newell Dunford Engineering, as chairman of the Department's Chemicals and Minerals Requirements Board. He succeeds Mr. D. C. Clark.

★

Mr. John Gallimore has been appointed a director of WEATHERBYS, secretaries to the Jockey Club, and Mr. Harry Lott has been made managing director of Weatherbys' Racing Division at Wellingborough, though remaining chairman of Weatherby Woolnough. He succeeds Mr. Christopher Foster, who is now concentrating his time on the secretaryship of the racing industry liaison committee.

★

STANDARD BROADCASTING CORPORATION (U.K.) has announced a number of changes in the Board and management structure: Mr. John R. Storar has become chairman in succession to Canadian Mr. Dick Moody who held the chair pending the appointment of a British chairman. Mr. Storar, a chartered accountant is a deputy chairman of Samuel Montague and a non-executive director of several other companies. The company's managing director, Mr. Terry Bate, is to relinquish the day to day control of the company, but will act as consultant to Broadcast Marketing Services. Mr. Bill Hall, a director of Broadcast Marketing Services, is appointed acting managing director and Mr. Bate's former deputy, Mr. Michael Vanderkar becomes general manager.

Alfa Romeo in Mercantile Credit deal

ALFA ROMEO (Great Britain) and Mercantile Credit Company, a wholly-owned subsidiary of Barclays Bank, have signed an agreement under which Merchantile will offer stocking and retail finance to Alfa's dealer network.

Under the stocking plan, interest will be calculated on a daily basis while a car is held in stock so that dealers' costs are kept to a minimum.

The floor-plan funds will be available at 2 per cent. over finance houses' base to ensure that dealers can maintain an adequate stock of cars.

PICCADILLY GOLF — BY BEN WRI[illegible]

Barnes shouldered out by Floyd's eagle finish

RAY FLOYD, the U.S. Masters champion and in all probability the golfer of the year in that country, unleashed a birdie, eagle finish on the two great closing par fives of the West Course at Wentworth last evening to beat Great Britain's lone representative, the massive Scotsman, Brian Barnes, by two holes in the first round of the 13th Piccadilly World Match Play championship.

In the other three matches, Hale Irwin, winner in the last two years, eventually mastered his ailing putter to put away the Spanish teenager, 19-year-old Severiano Ballesteros, by 2 and 1; five times winner Gary Player beat 47-year-old friend and rival Arnold Palmer easily by 5 and 4 in a match that fairly reeked of nostalgia, and the dour Australian, David Graham, beat another American, Hubert Green, who was similarly at odds with his putter, by 3 and 2.

Revenge

So the William Hill Organisation is quoting three joint favourites at 5 to 2, Floyd, who meets Graham (who is the outsider at 100-30) and Irwin, who meets Player. In the first semi-final, Player will seek revenge for his beating in the 1974 final, and so close is it expected to be that the odds quoted are 11-10 on about each player.

After a night of torrential rain, Wentworth was so soggy yesterday morning that preferred lies had to be the order of the day. Thankfully, the gales that made it the roughest day in the history of this emotionally charged event did a great job of drying the place out, but the Burma Road can never have played much longer.

For Player, for instance, the par four first, third and ninth holes were all out of reach of two shots in both rounds. Against this, the 480-yard par five 15th hole became an easy par four down the wind.

Barnes will forever kick himself for losing his match, which was always the closest of the four. Both men were round in 71 against the card's par of 73 in the morning, and Floyd lunched one up. The match was all square with nine holes to play, but—glory be—Barnes won the 13th and 14th holes to be one-up with four left.

Alas, that was the end of our jubilation, for the Scot lost three of the next four holes and with them the match. Floyd finished birdie four, par four, birdie four and eagle three, however, so Barnes must not reproach himself too much.

The match hinged on the 15th green in fact, where Barnes threw away the psychological advantage he had just grabbed by missing from three feet to take three putts and allow the burly American to square the match. Barnes had squared it first at the second hole after lunch with a 20-foot putt for a birdie two, but he immediately lost the third very untidily.

When Floyd hit two superb wooden club shots on to the 12th green 483 yards away and Barnes was well short, having tacked from right to left rough, the writing appeared on the wall for the British hope. But Floyd tangled with the trees at the 13th to lose it and let Barnes get back to square again, and in all truth the American hit a horrible putt up the slope from the front of the 14th green fully seven feet right of the hole and took three putts himself.

Advantage

At the 17th, Barnes found the semi-rough to the right of the fairway, having sensibly aimed far away from the out-of-bounds hedge on the left. But Floyd, being in the fairway, had the inestimable advantage of teeing up his ball and getting to the very edge of the green at this 571-yards hole. Barnes, way back, hit his third over the green, and when Floyd saw his pitch pull up eight feet away he showed his merit as a competitor, which is much underrated, by smoothly rolli[illegible] putt for the birdie.

The American's [illegible] shot 12 feet from the [illegible] and the subsequent [illegible] in with massive certai[illegible] fine a finish as one co[illegible] see.

Irwin would have [illegible] marily with Ballest[illegible] putter been in anythi[illegible] normal form. Both [illegible] round in 73 in the m[illegible] all square. In turn, [illegible] first nine holes were [illegible] after lunch, and both [illegible] out in 35 with Balles[illegible] stage one down.

The young Spania[illegible] the match with a lov[illegible] putt for a birdie on [illegible] green, but he cam[illegible] second shot at the 1[illegible] bunkered. He recove[illegible] in six feet from the [illegible] last his putter failed [illegible] was no surprise to m[illegible] hooked out of bound[illegible] 17th tee to lose the m[illegible] young man has the [illegible] genius and the bravery [illegible] but his long game is [illegible] the required standard.

Unlucky

He is brilliant at [illegible] and down from all pa[illegible] jungle, but in the long [illegible] is not quite good e[illegible] world class.

Player's match wa[illegible] able for the quality of [illegible] man's golf and Palme[illegible] outclassed—just unlu[illegible] has tended to say [illegible] many years.

One particular [illegible] stand out for a long [illegible] was possibly the la[illegible] between these two g[illegible] men and character[illegible] drove into the ditch [illegible] hole in the morni[illegible] picked out his [illegible] penalty, retraced his [illegible] yards and then hit a [illegible] thrilling three wood [illegible] yards to finish four [illegible] the hole for the mos[illegible] half in four.

RACING — BY DOMINIC WI[illegible]

Whenby can gain new succes[illegible]

THERE HAS probably been no more successful gamble this season than that on *Whenby* at Ayr three weeks ago and it will be interesting to see if this smart two-year-old can gain another success in to-day's highly competitive Rawcliffe Nursery at York.

Nick Easterby's much-improved gelding, who defeated Keira with more in hand than the length verdict might suggest when justifying the market move in the Ayr race (a Crown Plus Two apprentice nursery), has since proved that there was no fluke about the success with two smart efforts in stronger company.

Set to carry only 8st here, Whenby, who has the valuable services of the dynamic Willie Carson, should prove capable again of defying the handicapper. Keira, opposing the Easterby juvenile for a third time, may again provide the chief threat.

There is a good turnout for the somewhat un-Yorkshire-sounding Furst von Metternich Apprentice Handicap, sponsored by Lehmann Wine Importers. The two I like the best are *The Solostan* and *Washington Grey*,

YORK

2.00—Redhead
2.30—Sarasingh**
3.05—The Solostan
3.35—Whenby*
4.05—Warbeck***
4.35—Jellaby

both of whom recently have produced encouraging efforts.

The Solostan, who has been lightly raced this season, is approaching his best and will probably prove too good for his considerably younger Findon rival, a fair fourth behind Vrondi at Brighton on his only previous appearance this term.

No trainer, with the possible exceptions of Barry Hills and Bruce Hobbs, has his two-year-old string in better trim than Peter Walwyn, and it will come as a surprise if th[illegible] Barrows trainer's Sir [illegible] filly Pas de Probleme [illegible] short-priced favourite fo[illegible] furlongs Malton Stakes.

On her only previou[illegible] this daughter of Queen[illegible] a half-sister to Rock [illegible] a deal of promise [illegible] down narrowly to the [illegible] perienced Metair at Sa[illegible]

I expect her to show t[illegible] of that initial run with[illegible] quite good enough to [illegible] the possibly underrat[illegible] *singh*, a Mansingh filly [illegible] cently outpaced Mahar[illegible] others over this trip at D[illegible]

Whatever his fate or [illegible] Probleme, Pat Eddery [illegible] keep his score ticking [illegible] *Warbeck*, whom he [illegible] partnered to an easy A[illegible] cess over Busted Fiddle [illegible] similar task in the As[illegible] cap.

In spite of yesterda[illegible] morning hopes, no r[illegible] possible to-day at Asco[illegible] the course is waterlog[illegible]

SALEROOM — BY ANTONY THORNCR[illegible]

Durer woodcuts at £5,0[illegible]

THERE were plenty of antique sales in London yesterday but none to grip the imagination. Sotheby's was the most prolific, holding three auctions—Old Master engravings, musical instruments, and silver. The engravings produced the best price—£5,000 (plus the 10 per cent. buyers premium) for a set of 20 Durer woodcuts on the *Life of the Virgin*, produced in 1511.

Other good prices in a sale which totalled £80,385 were £2,700 for a Rembrandt etching of *St. Jerome in a dark chamber*; £2,000 for *St Jerome in his study*, this time by Durer; and £1,300 for a Canaletto etching of a *Portico with a lantern*.

The Sotheby's musical instrument sale brought in £49,675. There were disappointments, including one of the top lots, a Testore violin which failed to sell. The "bought in" figure was 15 per cent. A Balestreri violin went for £3,800 (almost half its pre-sale estimate) and a violin by Zanelli for £3,400. Maxwell, a London dealer, paid £3,000 for a violincello attributed to Henrick Jacobs of Amsterdam.

The silver sale was a minor event, contributing £29,357. The highest price was £1,100 for a George II baluster coffee pot.

In New York Sotheby Parke Bernet held a book sale which totalled $158,270. A first edition of Thackeray's *The Great Hoggarty Diamond* sold for a remarkable $8,000.

There were two very routine sales at Christie's, but prices in both were well up to expectations. In the English and Continental furniture, which realised £35,285, Woods Wilson, who specialises in Oriental objects, paid £2,800 (as against a £600-£800 estimate) for a 19th century Japanese lacquer cabinet mounted with numerous Imari and Hirado porcelain plaques. He also acquired a Chinese hardwood alter table of around 1800 for £820.

Other good prices were £900 for a pair of mahogany and marquetry card tables in the Louis XV style, and £820 for a set of eight mahogany dining chairs of Chippendale design.

One of the set of Durer woodcuts sold at Sotheby's yes[illegible]

The afternoon Old Master prints sale totalled £32,485, with £900, three times forecast, paid for a Rembrandt self portrait with Saskia. Another Rembrandt, "Christ before Pilate" went for £750.

Bonhams held one of its good auctions of European pictures yesterday, raising £72,338 with just 6 per cent. unsold. The best price was £1,200 from Hartland for a still life of fruit by Edward Ladell. Not only was this twice as much as expected but it established an auction record for the artist. The same price was paid by Standish for an interior scene by Vittorio Reggianini.

The Phillips two-day [illegible] Gaynes Park, Epping [illegible] £73,626. De Grande pa[illegible] for an early 18th centu[illegible] walnut marquetry comm[illegible] the second auction at [illegible] West 2 furniture totalled [illegible] with a best price of £[illegible] Georgian mahogany [illegible] wardrobe.

TV/Radio

† Indicates programme in black and white.

BBC 1

7.05 a.m. Open University (UHF only). 9.30 For Schools, Colleges. 10.45 You and Me. 11.05 For Schools, Colleges. 12.20 p.m. Golf: Piccadilly World Matchplay Championship. 12.45 News. 1.00 Pebble Mill. 1.45 Teddy Edward. 1.50 Ring a Ding. 2.02 For Schools, Colleges. 3.00 Golf: Piccadilly World Matchplay. 3.53 Regional News (except London). 3.55 Play School. 4.20 It's the Wolf. 4.25 Jackanory. 4.40 Why Don't You . . . ? 5.05 Children of the Snow Country. 5.35 Noah and Nelly in SkylArk.

5.40 News.
5.55 Nationwide.
6.45 Sportswide.
7.05 Tom and Jerry.
7.10 "When Worlds Collide."
8.30 The Good Life.
9.00 News.
9.25 Show Jumping: Horse of the Year Show.
10.45 To-night.
11.15 Regional News.
11.16 The Friday Film: "Riot."

All Regions as BBC 1 except at the following times:—

Wales—1.45-2.00 p.m. Nant-y-Pant. 5.55 Wales To-day. 7.05 Heddiw. 7.25 Her Nodiant. 7.55 Bellamy's Europe. 8.20-8.30 Beauty Is In The Eye. 10.45 Kane on Friday. 11.15-11.16 News for Wales.

Scotland—10.23-10.43 a.m. and 11.30-11.50 For Schools. 5.55 p.m. Reporting Scotland. 6.20 The National Mod. 10.45 Wodehouse Playhouse. 11.15-11.16 News for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-7.05 Scene Around Six. 10.45 Music Miscellany. 11.15-11.16 News for Northern Ireland.

England—5.55-7.05 p.m. Look North (from Leeds, Manchester, Newcastle): Midlands To-day (from Birmingham): Look East (from Norwich): Points West (from Bristol): South To-day (from Southampton): Spotlight South-West (from Plymouth). 10.45-11.15 North (from Leeds) We've Got the Music: North-West (from Manchester) Home Ground: North-East (from Newcastle) The Yesterday Show: Midlands (from Birmingham) Daughters of Tradition: West (from Bristol) The Weather: South-West (from Plymouth) Pensinsula: South (from Southampton) The Young Question: East (from Norwich) On Camera.

BBC 2

6.40 a.m. Open University.
11.00 Play School.
11.25 Conservative Party Conference.
3.50 Golf: Piccadilly World Matchplay Championship.
5.25 Open University.
7.05 Animal Marvels.
7.30 Newsday.
7.45 One Man and His Dog.
8.10 The Money Programme Looks at the City of London.
9.00 Well Anyway.
9.30 A World of Music.
10.30 The Expert.
11.20 Late News on 2.
11.30 Open Door.
12.00 Golf highlights.

LONDON

9.30 a.m. Schools Programmes. 12.00 A Handful of Songs. 12.10 p.m. Rainbow. 12.30 Tell Me Another. 1.00 News plus FT index. 1.20 Lunch-time To-day. 1.30 Crown Court. 2.00 Conservative Party Conference. 3.00 Racing from York. 3.50 Emmerdale Farm. 4.15 The Kids from 47A. 4.45 Magpie Special: Brooklands. 5.15 The Flintstones.

5.45 News.
6.00 To-day.
6.35 Crossroads.
7.00 Lucky Feller.
7.30 General Hospital.
8.30 Yus My Dear.
9.00 Victorian Scandals.
10.00 News.
10.30 Police Five.
10.40 Russell Harty.
†11.30 The Friday Film: "The Horror Of It All," starring Pat Boone.
1.00 a.m. Close with Roger McGough.

All ITV Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 5.15 Byzones. 6.00 About Anglia. 7.00 Sale of the Century. 8.30 Lucky Feller. 10.30 Probe Special. 11.00 Late Night Movie: "The Eyes Of Charles Sand." 12.20 a.m. Christians In Action.

ATV MIDLANDS

1.20 p.m. ATV Newsdesk. 5.15 Spiderman. 6.00 ATV Today. 7.00 Sale of the Century. 8.30 Lucky Feller. 10.30 Extra Time. 11.00 "Castle Keep" starring Burt Lancaster.

BORDER

†1.20 p.m. Border News. 6.00 Border News and Lookaround. 7.00 Follow That. 10.30 Border Parliamentary Report. †11.00 Late Night Film: "Twenty Plus Two." †12.50 a.m. Border News Summary.

CHANNEL

†1.20 p.m. Channel Lunchtime News and What's On Where. †6.00 Report at Six. 7.00 What On Earth? 7.05 Jonathan Routh and Candid Camera. 8.30 Lucky Feller. 10.30 Late With Danton. 10.50 Late Night Movie: "What Michael Calls." †12.10 a.m. News and Weather in French.

GRAMPIAN

[illegible]

GRANADA

1.20 p.m. What On Earth. 5.10 This Is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.35 Kick Off. 7.05 Jonathan Routh and Candid Camera. 8.30 Sale of the Century. 10.30 For Adults Only: "The Moving Target" starring Paul Newman. †12.45 a.m. Douglas Fairbanks Presents.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. †5.15 Chuckleheads. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Lucky Feller. 7.00 Yus My Dear. 8.30 Sale of the Century. 10.30 Report Extra. †11.00 Great British Films: "The History Of Mr. Polly."

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 Penawdau Newyddion y Dydd. 4.15-4.45 Taro'mlaen. 6.00-6.15 Y Dydd. 10.30-11.00 Outlook On Agriculture.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

†1.25 p.m. Road and Weather Report. 5.15 Animal Alphabet Parade. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Elaine, The Singer of the Song. 7.00 Sale of the Century. 8.30 Lucky Feller. 10.30 Ways And Means. 11.00 Late Call. 11.05 Feature Film: "Bedevilled."

SOUTHERN

1.20 p.m. Southern News. 5.15 Weekend. 5.20 Crossroads. 6.00 Day by Day (Channels 6, 11, 27, 42, 58 and 60). 6.00 Scene South East (Channels 10, 43, 61 and 66 only). 6.30 Out of Town. †10.30 "Fail Safe" starring Henry Fonda. 12.25 a.m. Southern News Extra.

TYNE TEES

9.25 a.m. Starting Point. 1.20 p.m. North East News and Lookaround. 6.00 Northern Life. 7.00 Sale of the Century. 8.30 Lucky Feller. 10.30 Sportstime. 11.05 The Friday Night Film: "The Stranglers of Bombay." 12.30 a.m. Open Bible.

ULSTER

1.20 p.m. Ulster News Headlines followed by Lunchtime. 3.48 Ulster News Headlines. 5.15 Here's Lucy. 6.00 UTV Reports. 6.25 Police Six. 10.30 Sportscast. 11.00 Friday Film: "Larry."

WESTWARD

12.25 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 6.00 Westward Diary and Sports Desk. 7.00 What On Earth? 7.05 Jonathan Routh and Candid Camera. 8.30 Lucky Feller. 10.32 Westward Late News. 10.35 Late With Danton. 10.50 Late Night Movie: "When Michael Calls." 12.10 a.m. Faith [illegible]

YORKSHIRE

[illegible]

RADIO 1

247m

[illegible]

RADIO 2

1,500m and VHF

[illegible]

RADIO 3

464m, Stereo & VHF

[illegible]

RADIO 4

434m, 330m, 285m and VHF

[illegible]

BBC Radio London

206m and 94.9 VHF

[illegible]

London Broadcasting

261m and 97.3 VHF

[illegible]

Capital Radio

194m and 95.8 VHF

[illegible]

F.T. CROSSWORD PUZZLE No. 3,203

ACROSS

1 I have to follow straightforward instruction (9)
6 Disagree about one pound in change (5)
9 Vegetable available before and after one (5)
10 Measure of the type that started Robinson Crusoe (9)
11 Waiter on BBC (5-5)
12 We are short and small and right inside (4)
14 Pin used in ski race by the French (7)
15 Passage which is characteristic about earthly extremes (7)
17 Punishment for one in the money (7)
19 Insult to force going to the scene of hostilities (7)
20 Scratch your head — it's precious (4)
22 Carriage some French wine people start taking (10)
25 The place for game in Gloucestershire (9)
26 Express reluctance to agree with one person (5)
27 Incident involving woman with wrong book (5)
28 Recedes in disorder and makes for home (9)

DOWN

1 Decline to give doctor oxygen before operation (5)
2 Rugby Union, I put to people, creates loss of fortune (9)
3 Arranging musical entertainment in one key . . . (10)
4 . . . and blow up in D Sharp? (7)
5 Eastern animal is eating away . . . (7)
6 . . . and caught animal in cloak (4)
7 An offer to Oriental to stay (5)
8 African has hot drink about ten (9)
13 It's unnatural having come a long way (3-7)
14 Fable from the south-east that may be disconnected (9)
16 Old orator—could it be Wheelwright? (9)
18 One who marks name with an "X" (7)
19 Values a horse on the Sabbath (7)
21 Symbol that's wrong to reverse for example (5)
23 The time to be strained (5)
24 Like 1 down—left in good humour (4)

Solution to Puzzle No. 3,202

Coliseum

Don Giovanni

any changes of cast in this val of Anthony Besch's new luction, first seen as recently ast August. Noel Davies is the conductor. His reading ow in animal vitality, with ds that allow room for irely detail of a kind not n encouraged in this opera. ood example was the spacious oo for the first act quartet), depending for their full t on a closer, more reliable mble than was often achieved night. look the principal figure an cially long time to reach ement with the conductor. frey Chard sang the title-role n in the previous porduction is theatre. It is good to have back, even when he gallops d of the beat. He has the ger, the ability to look com- ible in romantic costume, the temper, the lecherous purr he tone. In the first cast, Rita ter's Anna eclipsed the ra. In this one, Felicity ner's Elvira does precisely opposite—perhaps one day hall be allowed to bear the ladies together. ss Palmer (another singer can wear John Stoddart's ies with the panache they) is a mercurial, mettlesome ra, impulsive, fated to make wrong move but unlikely to e for long, a silly, charming an of spirit and native wit. ise after phrase lit up some flaccid pages in the first act, "Mi tradì" in the second went capitally except for slight signs of tiredness just before the end —the risks were gallantly taken. By comparison Margaret Haggart was an exceptionally demure Anna, well suited to the decent, almost depersonalised Ottavio of Anthony Roden. Unlike most singers of the role, Miss Haggart's best moments came with "Non mi dir" and the coloratura of its second part.

The Zerlina of Hannah Francis has the fine vocal quality noticed before in this young soprano, but too modest projection—after a promising start she went shy in "Batti, batti." Admittedly she was not helped here by an amount of backstage noise unusual even at this theatre. Eric Shilling's Leporello will possibly appeal to his devoted public more strongly than to Mozart's: he doesn't clown too proudly, every aside makes its mark (the translation of Norman Platt and Laura Sarti is generally more telling in recitative than in aria or ensemble), but all the same, "Madamina" and the scenes in the second act need more voice. No lack of voice in the Commendatore of Harold Blackburn, summoning the sinner most majestically from his high perch on horseback.

RONALD CRICHTON

Sadler's Wells Theatre

Card Game

on Madsen is one of the p of star dancers whose er and talents John Cranko ed as he brought the tgart Ballet to world renown. revealed Madsen as a poet Romeo and in princely roles Giselle and Swan Lake, as eautifully lyric dancer in als RBME, as a comedian in ing of the Shrew. Other eographers have also been ired by him—he was the first enger in MacMillan's Song e Earth, and, most recently, xtraordinary Pan of Tetley's mis. But Cranko knew and eciated his gifts best, and ard Game he cast him as Joker, and created a role lendid mercurial malice and humour.

w London can see just how and rumbustious the part is, Madsen is guest with the er's Wells Royal Ballet in r staging of Card Game. In decade since the ballet red the Royal repertory, ething has always seemed htly missing in performance, last night the work fell into e as Madsen bounded and red with anarchic zest ugh its three deals.

It is a performance of extraordinary vivacity. Madsen's quickness of physical response, the sharp-cutting edge of his dancing and his humour, are ideally shown off. He is imperiously naughty in the first deal, much aggrieved by his failure to break the straight flush in the second, and devastating en travesti in the third, and his joy in the role, his bubbling humour, are absolutely irresistible. He galvanised the company into giving a spanking performance, and was tremendous.

One other interpretation during the evening was equally thrilling: that of Desmond Kelly as the Prodigal Son. In recent years Mr. Kelly has matured into a dancer of very real dramatic power: his Albrecht last season, and his Fiancé in Las Hermanas this week are major achievements. As the Prodigal he catches all the youthful energy, the awakening sexual passion, and the immense pathos of the return to his father's house, and his reading must now be accounted one of the finest pieces of danced acting that the Royal Ballet can offer.

CLEMENT CRISP

New London

…o Who Needs Men!

[illegible]

MICHAEL COVENEY

Cinema

Sexual warfare

by NIGEL ANDREWS

The Last Woman (X) Columbia
Picnic at Hanging Rock (A)
ABCs Bloomsbury, Shaftesbury Avenue and Fulham Road
Winstanley (A) and Salvatore Giuliano (X)
The Other Cinema
The Shootist (A) Plaza Two

After four weeks in the Italian sun, one returns with some trepidation to the busy, claustrophobic world of film criticism. Holidays doubtless slow the brain, but this week's offerings seem to the rested eye a peculiarly beady and confusing collection: a fin-de-siècle mystery story set in Australia; a Franco-Italian essay in sexual warfare; a time-chopping Italian political thriller. The one fixed point in a changing filmic universe seems to be the career of John Wayne. Hollywood's most durable star is now playing roles that make no secret of his age and relative infirmity. But after *Rooster Cogburn*, *The Shootist* at least gives him a star vehicle worthy of the name, and a line of co-stars — James Stewart, Lauren Bacall, Richard Boone—whom it is some distinction for him to upstage.

The Last Woman I reviewed from Venice, where the untranslated Italian dialogue resulted in a drastic misinterpretation on my part of the plot. English subtitles improve one's understanding of the story, but not one's admiration for the film. What had, in an unknown language, a kind of exotic passion, turns out in the dawn of comprehension to be an all too modish blast at sexism, male chauvinism and other ideological whipping boys of our age.

The hero is a young French engineer played by Gerard Depardieu (after *Les Valseuses* and *1900* fast becoming the European cinema's leading sex symbol), and the film details his affair with a young girl (Ornella Muti) who moves into his apartment during a month in which he has been laid off work. Depardieu's wife has left him, for the heady excitements of the Women's Lib movement, and the girl inherits not only Depardieu and his ravenous sexual appetite, but also the couple's 13-month-old baby.

Writer - director Marco Ferreri's last film to reach London was *Blow-Out*, another flamboyant essay on the destructiveness of human appetite. Here he has shaped his theme into the old confrontation between irresistible force and immovable object: Depardieu's Dionysian sexuality (the British censor has been surprisingly lenient with the scissors) being met by the girl's stubborn insistence that their love cannot survive on sex alone.

The film delights in some entertaining if somewhat over-ripe symbolism: the salami sausage, for example, that the hero brandishes as an emblem of crude masculinity, and whose fate at the hands of an electric carving knife prefigures Depardieu's own gory self-mutilation in the film's last scene. But the ideas, rather than growing out of the story, tend to erupt in sudden bursts of message-mongering: a speech by Michel Piccoli (as the girl's former boy friend) on the changing relationship between the sexes, much animated chat about Women's Lib. Indeed, with so much crusading moral dissatisfaction about, what is left unclear is less what threatens to push the hero and heroine apart than what keeps them so long and so stubbornly together.

★

Picnic at Hanging Rock puts the veils back on sexuality, with its study of repression and fantasy in an Australian girls' school at the turn of the century. On St. Valentine's Day 1900 a party of schoolgirls set out for a picnic at Hanging Rock, a volcanic mountain perched with picturesque incongruity on the edge of the Victorian bush. Three girls and one schoolmistress never return. Are they kidnapped? Murdered? Raped? Or lost in some sinister inexplicable time warp? The mystery remains unsolved, and the film records the slowly destructive effect it has on the life of the school: the sapping of its vitality, the break-up of relationships, the mortification of the headmistress, played by Rachel Roberts as, whisky decanter ever at her side, she watches one protégée after another pack up her bags and leave.

In style and subject matter, nothing else the Australian cinema has produced to date quite compares with this film: not even director Peter Weir's own first feature, *The Cars That Ate Paris*, another picture of an isolated community slowly engulfed by the irrational. Photographed by Russell Boyd in golden, hazy colours, this picture of a Victorian summer simmering with unspoken passions most resembles an Australian *Go-Between*. It even boasts the same juvenile lead, Dominic Guard, as a young Englishman who is the last to see the girls alive, and who quickly becomes obsessed with the idea of finding them.

Cutting back and forth between his explorations and the ever more dazed and brittle life of the school, Weir builds an atmosphere of quiet anguish and disorientation that is peculiarly hypnotic. Too many characters, perhaps, and too many dramatic red herrings (including lesbianism and alcoholism) are left to float free in the film's atmosphere of shimmering menace. But it's an impressive and haunting work.

★

Next week The Other Cinema, that enterprising but hitherto homeless distribution company, opens its new 330-seat cinema in central London. Their new address is 25 Tottenham Street (on a corner of Charlotte Street), and their opening programme includes two films that should combine a broad popular appeal with the kind of challenging political content that The Other Cinema has made its speciality.

Kevin Brownlow's *Winstanley* is a fascinating slice of English history; cut not from one of the fat, familiar chapters of the English Civil War, but from the footnote to that great event which inspired David Caute's novel *Comrade Jacob*, on which the film is based. It is the story of the Diggers, a group of homeless men and women who after the Civil War set up an agricultural commune on St. George's Hill in Surrey. Harassed alternately by the local gentry and by officers of Cromwell's army, they struggled and survived for two years: many incurring fines and imprisonment, but one at least, their leader Gerrard Winstanley, achieving a modest immortality by his publication of the religio-socialist tract *The New Law of Righteousness*.

The film creaks a little with dedication to its subject. One is chary of historical films that makes a great to-do about the authenticity of their costumes, settings, etc. The letter of a period is often observed at the expense of the spirit. But Brownlow and his co-director Andrew Mollo have an uncanny eye for the "accidental" casually revealing detail. The best moments in *Winstanley* come between the bouts of solemnly delivered, archaic dialogue, when the camera rakes a windswept plain, or captures a look of alarm on a peasant's face, or observes the chill domestic unease of a Sunday dinner at the rectory. I suspect that Brownlow doesn't care greatly about the socialist implications of his film: that he has less interest in the political reverberations of Winstanley's story than in the imagery of a time and a place, and the raw drama of survival. But judged on both those levels it's a beautifully made film—and an imaginative and courageous choice for The Other Cinema's opening programme.

Their new season also includes Francesco Rosi's 14-year-old *Salvatore Giuliano*: a film about the Sicilian bandit who helped to fight for his island's independence after the Second World War. Rosi has focused less on Giuliano himself than on the Sicilian peasants and villagers who were unlucky enough to get caught in the battle's crossfire: the chaos of mistaken arrests, sudden ambushes and swift nocturnal treachery. The film has the vivid newsreel immediacy of Rosi's best work (*The Mattei Affair*, *Lucky Luciano*). But it also has more than its fair share of conspiracy-theory alarmism. The Mafia, the police, the Italian Government, the Sicilian nationalists all have the searchlight pointed at them at different times, and one ends up wondering confusedly just who, if anyone, remains outside Rosi's ever-widening circle of political guilt.

★

In Don Siegel's *The Shootist* John Wayne plays a dying gunfighter seeing out his last days in a rented room in a small Western town: fighting off cancer with the one hand and some mawkish dialogue with the other. Despite stiff competition from an all-star cast, Wayne strides this film like a colossus. Age cannot wither his kind of magnetism; and although the film has an oddly sedentary plot-line—until the climactic gunfight Wayne does little but sit in his room playing host to a series of brightly sketched guest roles—there is fascination enough simply in watching that bear-like presence, that slow-burn grin, and that time-honoured air of craggy, drawling truculence. Unlike sev appeal, star quality improves with age and it is good to see the cinema lavishing the attention and affection he deserves on a star who has never burned low in a career now lasting some 50 years.

Ornella Muti and Gerard Depardieu in 'The Last Woman'

St. John's, Smith Square

Guglielmo Tell

Rossini's *Guillaume Tell* is a French opera; moreover it is a grand opera—one might say a very grand opera — written for the Paris Opéra at a time when that institution, at the height of its glory, was the Mecca for composers from all over Europe. Like other works of its kind, it was conceived on the grandest possible scale, immensely long, with frequent changes of scene and spectacular settings that served as background to large choruses, flocks of dancers and hordes of extras. The orchestra of the Opéra was then probably unequalled anywhere in the world. Above all, *Guillaume Tell* was written for a constellation of star singers.

The brightest luminary of that constellation, the tenor Adolphe Nourrit, who sang Arnold at the first performance of *Tell*, had already created the title role of Rossini's *Le Comte Ory* and Masaniello in Auber's *La Muette de Portici*; later he would sing in the premières of Meyerbeer's *Robert le diable* and *Les Huguenots*. It is the difficulty of Arnold's music that more than any other factor keeps *Guillaume Tell* out of the general repertory: the excessive length can be shortened, the scenic demands simplified, the ballet cut, but the stratospherically high tessitura of Arnold's vocal line remains. So too does the lure of the score, which contains some of Rossini's finest inspirations.

The concert performance of "Guglielmo Tell" presented by "Opera Italiana" at St. John's Smith Square last night which was advertised as consisting of Acts 3 and 4 complete, with Acts 1 and 3 in shortened form, turned out to be "Highlights from Rossini's opera," given by eight singers, a pianist and the gentleman rather grandly called "Maestro concertatore e direttore." In the first half a sparse audience was regaled with the duet for Arnold and Tell from Act 1 and three highlights—Mathilde's ron ance, her duet with Arnold and the trio for Arnold, Tell and Fürst—all sung very loudly in execrable Italian. As, according to Donizetti, the second act of *Guillaume Tell* was written by God, I felt that the proceedings verged on the blasphemous, and left.

ELIZABETH FORBES

Olivier

The Playboy of the Western World

by B. A. YOUNG

I didn't want to pass judgment on the Olivier after a single visit, and that to a production of special interest; but now here is Synge's comedy unchanged from the other place, providing an ideal chance to assess the merits of its new home.

The production, directed by Bill Bryden, is virtually unchanged. Geoffrey Scott's set dropped intact on to the open stage and the rocky landscape built up behind it. Susan Fleetwood's performance as Pegeen Mike seems to me to have matured, to be altogether more assured, more in tune with the surroundings. On the other hand Stephen Rea as Christie Mahon is letting himself go a little more than when I saw him at the Old Vic; he is more consciously comic as he invents the heroic details of his father's alleged murder.

No harm either way; the play is as deeply enjoyable as before, with a line of splendid renderings from the largely Irish cast—Jim Norton as the faint-hearted Sean Keogh, Margaret Whiting as the Widow Quin, J. G. Devlin as old Mahon, the unquenchable survivor of Christie's assaults, Liam Redmond, P. G. Stephens and Eddie Byrne as the old drinkers.

The Olivier auditorium gives the impression, when you enter it, of being enormously tall, with the stage and what it carries correspondingly reduced in scale. In fact there are no seats further than sixty-odd feet away from the stage, so this is an illusion, and I soon got used to it. The sight-lines seem to me excellent from all parts of the house. When the house-lights are up, it is an odd feeling to see from the middle of the stalls the lines of patrons exposed on either side, as if one were at a boxing match.

I have heard that there are seats in the upper tier (you can hardly call it a circle) where the sound is not clear. I haven't yet had an opportunity to test this; certainly from my seat (about as good as any in the place) the acoustics are excellent. Provision has been made, by the use of adjustable "petals" under the ceiling, to vary the quality, so if the sound is less than good anywhere no doubt corrections will be made.

As for the "front of house" amenities, they seem to me first class, with a lot of room, generous provision for refreshments, and those fine terraces from which there are wonderful views over the river.

The Entertainment Guide is on Page 33

Wigmore Hall

New German Music

by NICHOLAS KENYON

To be precise, new West German Music.

The works in this concert were as follows:

1. *Trifolium* for flute, cello and piano by Hans Zender; a neo-Darmstadt essay in the different juxtapositions of rigidly controlled material.
2. Trio for violin, cello and piano by Isang Yun; a discontinuous flurry of chromaticism dissolving into glissandi, with a final section of more aggressiveness.
3. *Figuren* for violin solo, by Dieter Acker; a collection of dramatic musical gestures, linked without discernible progression towards any goal.
4. *Streichquartett II* by Frank Michael Beyer; a taut, convincing exploration of a group of well-characterised intervals, growing in sharpness and intensity.
5. *Polyrhythmika No. 2* for piano solo, by Norbert Linke.
6. *Jeu* for violin and piano, by Wolfgang Steffen; a cautious exercise in the juxtaposition of written and improvised material.
7. Trio for flute, oboe and violin by Isang Yun; a move from C sharp to G, effected by closely intertwined passages of quarter- and semi-tones, interspersed with a central section of virtuoso display.
8. *Quartett* for flute, cello, piano and percussion by Hans Zender; another discontinuous essay, framing a central movement with two outer sections, the second (not perceptibly) the inversion of the pitches of the first.

I was appalled by the aridity of the first, charmed by the Messiaenic atmosphere of the second, stunned to no effect by the third, gripped by the coherence of the fourth, lost in admiration of the pianist in the fifth, bored by the sixth, pained by the high Ligetiesque textures of the seventh, and left uncomprehending and unaffected by the eighth.

The performers — particularly Susan Bradshaw, piano; Irvine Arditti, violin; and Kathryn Lukas, flute — played with accuracy (in those pieces I followed with scores) and commitment.

The concert was promoted by the Composers' Guild of Great Britain and Deutscher Komponisten-Verband, which is the sort of thing that gives bad music a good name.

…S IT URGENT—

[illegible]

IN DEED IT IS

France pledges nuclear co-operation with Iran

BY ROBERT GRAHAM, MIDDLE EAST CORRESPONDENT

TEHRAN, Oct. 7.

FRANCE has agreed to increase the number of nuclear power stations it is willing to supply Iran from five to eight. At the same time, in a clear assertion of French freedom from U.S. pressure, President Valery Giscard d'Estaing has pledged to strengthen nuclear co-operation with Iran at all levels.

Nuclear matters have dominated extensive discussions between the Shah of Iran and the French President during the latter's four-day visit here. M. Giscard d'Estaing, at a Press conference to-day at the close of the visit, said that re-processing spent fuel had not been covered. However, the Iranians are believed to be pressing France, to consider, at a future date, providing such facilities. As for enriched uranium, Iran already has a 10 per cent. stake in the French company that holds France's 47.5 per cent. Eurodif stake.

Both the French and the Iranians have been extremely coy on the limits to nuclear co-operation that they envisage. But it seems that France is keeping its options open. The U.S. has not concealed its concern at the proliferation of French and West German nuclear deals, and the prospect of countries such as Pakistan and Iran acquiring re-processing facilities. Conscious of this M. Giscard d'Estaing to-day pointed out that Iran was a signatory of the nuclear non-proliferation treaty, and only yesterday the Shah when opening the Senate stressed that Iran would abide by international controls. This point was stressed also to U.S. Secretary of State Dr. Henry Kissinger when he visited Iran in August then the Shah sought seemingly in vain to unblock an American deal to supply up to eight nuclear reactors.

In concrete terms M. Giscard d'Estaing's visit has not resulted in very much. The signature of a contract to supply two 930MW nuclear power stations under negotiation for two years did not take place, rather, the visit has smoothed the way for signature, perhaps in January when the details of financing fuel supply and legal safeguards on the supply of technology have been finalised. M. Giscard d'Estaing said the value of the contract was Frs.12.9bn. or $2.5bn.

Back in 1974 Iran and France agreed in broad terms to construct five nuclear power stations. This was then firmed up into two in a first phase. To-day the French President said there was outline agreement on the principle of six more power stations at a cost of up to Frs.35bn. or $7.2bn.

This once again underlines the Shah's conception of the need to "go nuclear" using nuclear energy as the prime source of Iran's generating capacity in the 1990s. In addition to the proposed deal with the U.S., Germany's Kraftwerk Union has already begun work on a twin 1,200-MW reactor at Bushire on the Gulf. Nevertheless, the nuclear programme is as much as two years behind schedule owing to the difficulty of siting, safeguards against seismicity and lack of personnel. On the conventional power side it was also announced that France had won a contract to construct a power station at Tabriz.

General strike causes much disruption

BY ROBERT MAUTHNER

PARIS, Oct. 7.

A 24-HOUR general strike called by the Left-wing trade unions against the French Government's anti-inflation plans caused large-scale disruption throughout the country and brought hundreds of thousands of demonstrators into the streets of France's cities and towns.

In Paris, which was the scene of the largest demonstration, more than 100,000 workers marched from the Place de la Nation in eastern Paris to the Place de la Republique, led personally by the leaders of the Communist-led CGT and Left-wing CFDT unions, M. Georges Seguy and M. Edmond Maire. The marchers chanted "No to the Barre Plan," and other slogans against the Government's economic measures, but there were no violent incidents.

A CGT spokesman claimed later that the national stoppage was the most successful popular demonstration since the May, 1968, student-workers revolt, but the leaders of the more moderate Force Ouvriere union, M. Andre Bergeron, said that this claim was vastly exaggerated.

Certainly, the strike did not bring the country's life entirely to a halt, although the public sector was heavily affected. Nearly all domestic airline flights were cancelled, but international flights were almost normal since most airport staff turned up for work.

But 75 per cent. of all train and bus services were cut and, in the capital, only one in four underground trains were running, while the new express Metro system linking Paris with the suburbs was entirely closed down. Paris, too, was without newspapers or mail to-day and householders suffered from sporadic gas and electricity cuts. But private industry appeared to be only slightly affected and many shops and cafes remained open as usual.

Though the strike was expected to cause huge traffic jams in the capital, with train and bus commuters taking to their private cars, the reverse happened. Many office workers stayed at home and driving through Paris to-day became a pleasure because of the light traffic.

Thieves held after 118 Picassos found

BY OUR OWN CORRESPONDENT

PARIS, Oct. 7.

A FRENCH policeman masquerading as an art collector, who managed to make contact with the thieves of the Picasso paintings stolen from Avignon's Palace of the Popes at the end of January, has led to the recovery in good condition of all the 118 stolen canvases. The paintings, which art experts valued at some Frs.20m. (about £2.3m.) were found by the police in a hired van, driven by the unsuspecting gang to a rendezous in Marseilles with the art dealer-detective.

So one of the biggest art robberies in history had an ending which a Hollywood scriptwriter would have difficulty improving. The cops have bested the robbers who, as usual, made a fatal mistake. The story, as told by Police Chief Jean Matthieu to journalists to-day, began with tips from West German and Belgian police that the thieves had contacted art collectors in West Germany and other countries, before finally turning to the underground French market.

Posing as a collector, a French detective succeeded in making contact with the gang, which was demanding Frs.35m. (about £4m.) for the paintings, representing most of Picasso's work in the last 20 months of his life. For three weeks, the detective conducted sham negotiations with the gang for the purchase of the paintings, finally arranging to meet them last night.

When the robbers drove up to a waterfront cafe in Marseilles, police charged out of nearby houses. After a brief scuffle, seven men were detained. There was more to come. One of the seven suspects, a 40-year-old Belgian, was found dead in his cell this morning, one hour after being questioned by police, and an autopsy is being held to determine the cause of death. The other six, including a 35-year-old German and five Frenchmen, are being held for further questioning.

Strikers in Italy mull over cuts plan

By Dominick J. Coyle

ROME, Oct. 7.

AN ESTIMATED 5m. workers throughout Italy went on a two-hour strike to-day, ostensibly to "consider" the new Government's promised austerity programme, final details of which are to be decided at a Cabinet meeting to-morrow.

Before the meeting, Sig. Giulio Andreotti, the Prime Minister, is to meet leaders of the main trade union confederations, and there have already been consultations with other political parties, including the Communists.

The Government hopes that its package, including a projected three-year industrial re-conversion programme, will set Italy along the road to economic recovery, while also discouraging further speculation against the lira.

The lira rate against the U.S. $ is being maintained in a somewhat artificial market at around 840, propped up in the main by last week-end's emergency monetary measures, including a three point increase in the discount rate to 15 per cent. and a temporary 10 per cent. surcharge on all foreign currency transactions.

This surcharge is due to be lifted on October 18 and was introduced only as a crisis measure in order to give the Government time to finalise its long-heralded "austerity package." Negotiations are also imminent for a further Italian drawing of $530m. from the International Monetary Fund under the terms of the Jamaica agreement, and additional IMF assistance may also be forthcoming, according to official sources here.

The decisive factor, however, at least in terms of the lira's value on foreign exchange markets, will be the Government's programme itself. The reconversion programme is expected to be supported by a special fund of Lira 6,120bn. (£4.35bn.), but the Government has yet to indicate how this money is to be raised, or even which industrial sectors are to be favoured for investment. Some two-thirds is earmarked for State-sector companies.

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Fälldin elected PM in Sweden

MR. THORBJORN Fälldin, the Centre Party leader, was elected Prime Minister in the Riksdag (parliament) in Stockholm yesterday by a majority of 14 votes, John Walker reports from Stockholm. The three former opposition parties — Centre, Liberal and Moderate—jointly cast 174 votes for the new leader, and the Social Democrats and Communists cast 160 against, in the 349-seat parliament.

This is the first time for 44 years that there has been a non-Social Democrat Prime Minister in the Riksdag, and follows the defeat of the Social Democrats at the general election held on September 19.

Reuter adds: Mr. Fälldin will appoint the country's first woman Foreign Minister to-day, official sources said. He has chosen Mrs. Karin Soeder, an MP since 1971, who has been active in Mr. Fälldin's Centre Party for 20 years.

Swiss air secrets leak

BRIG.-GEN. Jean-Louis Jeanmaire, passed on military information to the Soviet Union from 1962 until "recently," Parliament in Berne was told yesterday by Justice Minister Kurt Furgler. Jeanmaire was arrested on an espionage charge in August. Dr. Furgler stated that, while he could make no detailed report on the nature of the information, this had contained substantial quantities of data on air defence in Switzerland, but also facts on the whole defence and mobilisation system. The general retired in 1975 as Chief of Air Defence.

Bonn convinced

A SPOKESMAN for the West German Defence Ministry said that the German government had received no confirmation from Paris that France was to withdraw 10,000 of the 60,000 French troops based in West Germany, our correspondent from Bonn.

Asked what the Ministry's reaction would be if the report in Le Monde were to prove correct, the spokesman pointed out that Nato strength in West Germany would be only indirectly affected since France was not a full member of the alliance. Germany was convinced however of France's commitment to the defence of a free Europe, and in this respect "every man counted," he added.

The only uncertainty over French troop strength in Germany that was known to the Bonn ministry concerned two artillery battalions, totalling some 2,000 men, that were to be equipped with the Pluton tactical nuclear missile, the spokesman explained. There had, however, been no official indication that the withdrawal of these or a greater number of troops was now planned.

Gierek to Romania

POLISH PARTY leader, Edward Gierek, to-day flew to Romania for a three-day visit. Romania is the only European socialist block country which Edward Gierek had not visited since becoming First Secretary in 1970, our correspondent writes from Warsaw. The composition of the delegation suggests that political questions will be important in the discussions. Last week, a Polish-Romanian trade commission confirmed a mutual trade target of 3,000m. roubles for 1976-1980, which is 2½-times the figure for the previous five-year period.

Arsenic leak move

SIX managers and technicians of an Italian company may be charged in connection with a leakage of arsenic which polluted a large stretch of land near Manfredonia last month, justice sources told Reuter yesterday. The action follows an explosion in the state-controlled Anic chemical company in which six square miles of mainly farmland were contaminated by at least a tonne of arsenic.

Tito better

PRESIDENT Tito is recovering very successfully from his illness, the Yugoslav Foreign Ministry stated yesterday. It was announced on September 11 that the 84-year-old leader was suffering from an acute liver ailment, and would have to undergo several weeks of rest and treatment. He returned to his Belgrade home last week after about two weeks at a country house in northern Yugoslavia. Reuter

Giggle fixed

NINE solemn judges of the Common Market's European Court of Justice have fixed the price of a giggle. Court officials said yesterday that the panel ruled that "giggle boxes" used in talking dolls should be classed as accessories, and not as toys. The ruling means that the boxes should be subject to a 12 per cent. tax, if exported from one EEC state to another, and not 16 per cent., the export levy imposed on toys. Reuter

Guerilla trial

THE West German Federal prosecutor yesterday demanded that three ringleaders of the Bader-Meinhof urban guerilla gang receive the full brunt of the law and go to prison for life UPI reports from Stuttgart.

W. German Right-wing parties move to patch widening rift

BY NICHOLAS COLCHESTER

BONN, Oct. 7.

DR. HELMUT KOHL, chairman of the West German Christian Democratic Party, confirmed this evening that he would go to Bonn to become floor leader of his party in the West German parliament. At the same time, the CDU and the CSU, the Bavarian sister party headed by Herr Franz-Josef Strauss, announced the establishment of a commission which will prepare the basis for their further co-operation.

The announcements to some extent repaired a rift that has appeared between the two conservative parties since their narrow defeat in the general election last Sunday.

The split became public yesterday when the German weekly magazine "Quick" published alleged statements of Herr Strauss made late on election night. The exact words attributed to the Bavarian politician do not bear repeating but the gist of his remarks, which have not been denied outright by the CSU, was criticism of the CDU for not matching the CSU's impressive 60 per cent. majority in Bavaria, scepticism of the value of seeking coalition with the liberal Free Democrats, and the suggestion that the CSU should go its own way.

The idea that the CSU should become independent of the CDU and expand its operations beyond Bavaria is not new: Herr Strauss has raised it many times before. In part it stems from the assumption that Herr Strauss could attract voters in the North the way he draws them in the South. In part it reflects the idea that if conservative voters were offered a broader palette, the Free Democrats could be shifted from their position as holders of the balance of power. Discussion of the CSU's emergence as a "fourth party" in the 1976 election ended late last year when Herr Kohl and Herr Strauss officially confirmed that they would run the campaign in harness.

Herr Strauss plainly disapproves of Herr Kohl's continued attempts to woo the Free Democrats—the CDU chief still has not publicly conceded defeat.

He was being urged by party colleagues to come to Bonn. Yet leaving personal considerations aside, there were arguments both ways. Herr Kohl might have remained a more attractive potential partner for the FDP if he had avoided becoming vocal in opposition over the coming months. On the other hand, it was suggested that Herr Kohl's position within the CDU would be quickly eroded if he were not in Bonn to defend it. The prediction was that Herr Kohl would become floor leader of the CDU, but only if Herr Strauss promised allegiance over the next four years.

Spanish Premier attacked by Right

BY ROGER MATTHEWS

MADRID, Oct. 7.

FURTHER violence last night and early this morning in the Basque provinces together with right wing verbal attacks on the policies of the Spanish Government, are combining to make to-morrow a perhaps critical day for Prime Minister Adolfo Suarez.

First, he is due to make a major speech in defence of his programme of gradual political liberalisation to the basically hostile National Movement, the one party permitted under Gen. Franco, and will then go on to chair a meeting of the Cabinet which is scheduled to take a number of politically hazardous decisions on economic management.

In both cases, he will be seeking to check signs of a polarisation in political development and to maintain the unity of his Government. Some members of the Cabinet are known to be deeply concerned over the failure of police in San Sebastian to take action against groups of extreme right wingers who yesterday, for the second consecutive night, attacked bars, restaurants and other property and again went into cinemas to force customers out on to the street at gunpoint.

During the early hours of to-day, this brought violent reaction when gunmen opened up from a speeding car on a group of Guardia Civil but missed their targets.

In the Cortes (Parliament), a deputy has accused the Government of following "suicidal policies" and directly blamed official weakness for the death of five people, including a member of the Council of the Realm in San Sebastian on Monday.

A Press conference, held by the military wing of the Basques separatist group, ETA in the South of France yesterday, to explain why it had carried out the murders, led to the French ambassador being summoned immediately to the Foreign Office in Madrid to receive a formal note of protest.

Allowing this press conference to be held was, according to the Spanish Foreign Office, "a violation of the most basic norms of international law and of French law on the political activities of foreigners within France."

Right wing opponents of the Prime Minister are also seeking to make capital out of his dismissal of former Deputy Premier, Lieut.-Gen. de Santiago three weeks' ago. Gen. de Santiago and Lietu.-Gen. Iniesta Cano, a hardline former head of the Guardia Civil, exchanged letters on the subject of the Government's policies and are to be retired early from the Army as a result.

At a memorial service in Barcelona for the five men killed in San Sebastian, demonstrators demanded that the two generals should be reinstated and this attitude will probably be reflected among certain sectors of the Cortes in the coming day.

The new Deputy Prime Minister, Lieut.-Gen. Gutierrez Mellado, is however, believed to be confident that the vast majority of officers support disciplinary action against colleagues who overtly involve themselves in political activity.

Race clash in Portugal

BY PAUL ELLMAN

LISBON, Oct. 7.

POLICE EVACUATED 140 black miners from the central Portuguese town of Fundao to-day after racial clashes which left two dead and many injured.

Fighting between black and white miners at the Panasqueira tungsten mine, owned by the British company, Beralt Tin and Wolfram, erupted after what local reports said had been a series of incidents. A crowd of black miners, originally from the ex-Portuguese colony of the Cape Verde islands, burst into a white dormitory last night apparently to settle a grudge.

During the subsequent fighting in which one black and one white miner were killed, troops were rushed from the infantry regiment at Castelo Branco to aid over-stretched Republican guardsmen.

The incidents dramatically highlighted the deterioration in Portugal's once peaceful race relations under the twin pressures of roaring inflation and high unemployment. The Cape Verdians flocked to Portugal during the 1960s to take low-paid labouring jobs which Portuguese were no longer willing to perform or to fill vanacies created by the emigration of local citizens to France and West Germany.

Emigration outlets for Portuguese have been virtually closed for over two years and the influx of almost 1m. refugees from the former colonies of Angola and Mozambique have sent the unemployment rate up to 15 per cent.

Like immigrants in other West European countries the Cape Verdians have tended to become a scapegoat minority, with the extreme right wing Press playing up crimes in which they are allegedly involved. Early this summer, hostility against Cape Verdians erupted in Lisbon when a crowd attending the funeral of a tram driver who had been murdered by blacks lynched a mulatto who had been accused of robbing a woman mourner's handbag.

Nuclear war risk bigger

STOCKHOLM, Oct. 8.

ABOUT 35 countries will be able to make atomic weapons within nine years and nuclear war will become inevitable, the authoritative Stockholm International Peace Research Institute (SPIRI) forecast to-day.

The Institute said also that scientists in both East and West were striving for a lead in nuclear technology that would make a pre-emptive atomic strike tempting to either the U.S. or the Soviet Union.

The Institute made the claims in a new publication, Armaments and Disarmament in the Nuclear Age, which marks the Institute's 10th anniversary. The independent organisation, which has an international governing body, was set up by the Swedish Parliament in 1966 to commemorate 150 years of unbroken peace in Sweden.

The publication painted a gloomy picture of far-reaching technical advances in nuclear, chemical, bacteriological and conventional weaponry.

It said the spread of nuclear capability to about 35 countries by 1985 would be a by-product of peaceful nuclear programmes.

Stating that several "near nuclear" countries felt themselves in grave danger because of their geo-political circumstances, the Institute predicted that pressures on them to "go nuclear" would become irresistible.

Because of differing levels of nuclear sophistication "there will therefore arise many situations in which a successful pre-emptive strike will either be possible, or at least seem to be possible," the Institute said. Reuter

Poles back dissidents

BY CHRISTOPHER BOBINSKI

WARSAW, Oct. 7.

ANNUAL ELECTIONS to the committee of the Polish Pen Club of writers, held yesterday, saw a decisive vote of confidence given to members who, over the past year, have protested first over changes in the Polish constitution, and later in defence of workers' rights after demonstrations in June against proposed food price increases.

The new committee in Poland of the international club contains a number of writers who have suffered for their non-conformist attitudes in recent months. None of the candidates thought by Pen members to be favoured by the authorities managed to get enough votes for election to the committee. In the past, it was thought politic to choose at least a few of these as this eased relations with the authorities.

This new intransigence is explained in part by anger at the refusal of the authorities to allow Pen general secretary, Mr. W. Barposzewski, to travel to London in August for the Pen congress. Mr. Barposzewski was re-elected with 72 votes out of a possible 93.

Seamen seek better ship safety

BY JOHN WYLES, SHIPPING CORRESPONDENT

New moves to improve safety standards aboard ships, particularly those sailing under flags of convenience, will be launched at the International Labour Organisation's maritime conference, starting in Geneva next week.

Workers' representatives, with International Transport Workers' Federation leaders in the forefront, will be urging employers and governments to adopt a strong ILO convention that will at least ensure that ships observe existing international regulations.

Although the problem is not exclusively confined to flag of convenience fleets, they have much the poorest safety records, with a share of total casualties two to three times greater than their share of world shipping. Mr. Francis Blanchard, director-general of the ILO, says in his report to the conference that the present atmosphere in shipping is "somewhat more sombre" than when it last met in 1970. He predicts that seafarers' life and work may face setbacks in the immediate future. At best, the shipping industry "may only be able to consolidate what has already been achieved."

Belgium affirms allegiance to Snake

By David Curry

BRUSSELS

THERE will be no ... the relationship be... Belgian franc and the ... mark in the event of ... revaluation. This ... statement has been ... the Belgian National ... counter rumours of ... withdrawal from the ... snake of floating ... and to assert once ... it remains a ... policy objective of the ... avoid any devaluation ... currency.

However, observers ... prised by the Bank's ... that come hell and ... Belgium intended to ... the relationship be... German and Belgian ... cies. Discussing the ... of snake members ... National Bank com... it would be unjust... or to change the ... the two currencies ... were the implication ... lateral revaluation ... snake partner.

The markets, ... Belgian franc has be... cally weak since the ... of the year against the ... mark, are inclined to ... National Bank's ... signed by its top ... Board, part of the ... cal warfare it is wagi... speculation. They ... that the Bank must ... to get the pressure ... currency before ... tence of high inter... its defence (curren... is 13 per cent... retards economic ...

It is also pointed ... scenarios for a curren... ment envisage ... franc and Dutch gui... ling together and ... tions of the Deutsch... gian franc and guil... be economic nonsen... feeling in Brussels ... to be that a 5 per cent ... revaluation couple... per cent. devaluation ... franc and guilder was ... likely adjustment, ... have also been rum... the French franc could ... tiated back into the ... discount of around 12 ... from the parities it ... to hold when it quit ... anism in the spring.

The National Bank's ... for wanting to avoid ... tion are clear. ... exports would gain a ... advantage from cheap... currency because of ... import content in the ... tured goods sent over...

Angry NY police in 'rescue' demo

More than 1,000 angry off-duty New York City policemen rushed and tried to break through street riot barricades manned by their senior officers early yesterday morning in an attempt to "rescue" four of their colleagues arrested earlier on charges of participating in an illegal demonstration and blocking traffic, writes Jay Palmer in New York.

The police-to-police confrontation was the latest incident in the bitter battle between the patrolmen and the city. The issue centres on the city's refusal to give the police the retroactive pay increase that they have demanded for fear that payment of this award would encourage other municipal unions to reject the necessary salary freezes.

Cuban Air crash

The cause of the crash of a Cubana Airlines DC8 aircraft into the Caribbean sea three miles off Barbados west coast on Wednesday was almost certainly sabotage, writes our Bridgetown correspondent. Investigators are tentatively accepting the claim of a Miami-based group of Cuban exiles that they planted a magnetic bomb aboard the plane, which carried all 73 passengers and crew to their death.

$20m. drug haul

Federal drug agents, in a series of sweeps in several cities, yesterday arrested more than 200 people and seized heroin with a street value of more than $20m., Reuter reports from Washington.

OPEC price forecast

Mr. Wallace Hopkins, Deputy Director of the International Energy Agency (IEA), said yesterday that he expects the Organisation of Petroleum Exporting Countries (OPEC) will agree in December on a price increase of between 10 and 15 per cent., AP-DJ reports from Washington.

Mexico deficit drops

Mexico's foreign trade deficit declined 12.2 per cent. during the first seven months of this year compared with the same period of 1975, the Mexican Foreign Trade Inistitute told AP-DJ.

Panama Canal talks

Panamanian Foreign Minister Aquilino Boyd said yesterday that negotiations with the U.S. over the Panama Canal zone will resume within two weeks, AP-DJ reports from New York.

Ecuador tremors

Two days of earth tremors which shook central Ecuador almost hourly subsided yesterday leaving behind 10,000 people homeless and 14 villages in ruins, Reuter reports from Quito.

New questions posed about President's income tax returns

BY DAVID BELL WASHINGTON, Oct. 7.

PRESIDENT FORD may well face new questions about his tax returns and about the investigation by the Watergate special prosecutor, as a result of a long and detailed analysis of these returns published to-day.

A front page article by the two *Wall Street Journal* reports who first revealed last month that the prosecutor is investigating Mr. Ford raises a number of doubts about the thoroughness with which the Internal Revenue Service audited Mr. Ford's returns before he was confirmed as Mr. Nixon's Vice-President following the abrupt departure of Vice-President Spiro Agnew.

Despite White House suggestions last week that Mr. Charles Ruff, the Watergate prosecutor, would be announcing this week that Mr. Ford had been "cleared" of whatever charges are being investigated, such an announcement has not come and the inquiry seems to be still very much under way.

While there is absolutely no firm indication of any kind that Mr. Ruff may himself be looking at these tax returns that possibility cannot be ruled out. It goes without saying that the longer the investigation goes on, the more embarrassing politically it is for the President.

The authors are very careful not to accuse Mr Ford of any wrongdoing but they note that the 13 page IRS report for 1972 shows that, if Mr. Ford's returns are accurate, he had only $5 a week spending money throughout the year. And, according to the tax return, he and Mrs. Ford spent only $637 in the same year for "miscellaneous out of pocket expenses." Mr. Ford's salary as House Minority Leader was then $49,000.

Mr. Philip Buchen, the White House counsel, said that the $5 a week was ample for Mr. Ford at the time. His needs were very few. All his travel on behalf of other Congressional candidates was paid by the Republican Party and most of his meals were taken at political functions. "He had very little need at any time for personal cash," Mr. Buchen said.

The article also reveals, apparently for the first time, that four cheques for a total of $871 for clothes for Mrs. Ford were paid out of Mr. Ford's political bank account—the Gerald R. Ford Fifth District Account in his home town of Grand Rapids. The White House suggested to-day that this might have been legitimate because Mrs. Ford travelled so much with her husband on political matters. At the time Mr. Ford told the IRS that he had overlooked the purchases and paid tax on them.

The IRS report also shows that Mr. Ford paid for a $1,167 ski-ing holiday out of the same bank account. In their report, the IRS agents say that when they pointed this out to Mr. Ford he said that he had borrowed money from that political account briefly and had intended to repay the account which he did a few days later. The IRS agents accepted this.

Policy change on boycott

BY OUR OWN CORRESPONDENT WASHINGTON, Oct. 7.

THE NAMES of U.S. companies which have participated in an Arab economic boycott of Israel will not be made public despite President Ford's assertion, in last night's TV debate, that they would be. Commerce Department officials have said, however, that companies who co-operate with the boycott in future will be named by the Department.

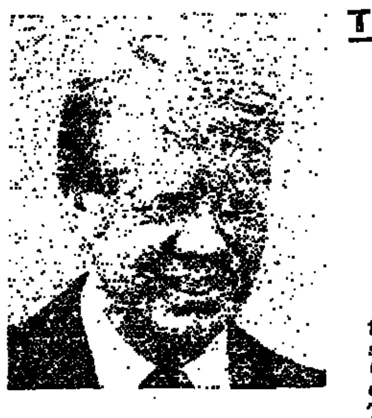
During the debate, the President surprised newsmen, viewers and even Commerce Department officials, who had been working on a new policy but did not know if and when it would be implemented. "Because the Congress failed to act," the President said, "I'm going to announce to-morrow that the Department of Commerce will disclose those companies that have participated in the Arab boycott. This is something that we can do. The Congress failed to do it and we intend to do it."

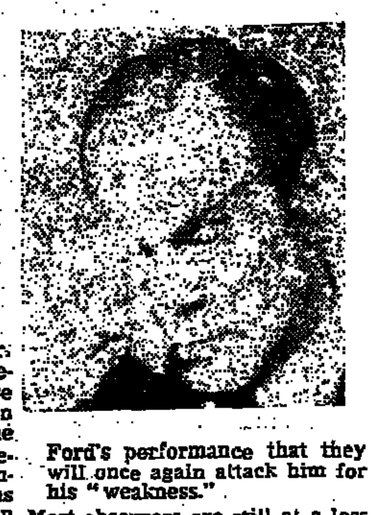
The action is a major departure from past administration policy.

Four Democrats—two Senators and two Congressmen—held a news conference on Capitol Hill to-day to dispute the President's claim that Congress had failed to act. Representative Jonathan Bingham, chief sponsor of the anti-boycott legislation, said: "The fact is that both Houses passed strong legislation prohibiting co-operation with the boycott. The administration spokesmen on Capitol Hill were the ones that were able to kill it."

THE FORD-CARTER TV DEBATE

Political storm breaks over E. Europe remarks





BY DAVID BELL IN WASHINGTON, Oct. 7

A MAJOR political storm began breaking over President Ford to-day following his remarks during last night's debate that "there is no Soviet domination of Eastern Europe."

The Democrats could hardly believe their ears. No remark could have been guaranteed to do more damage to Mr. Ford among the ethnic voters that he has been courting so assiduously in the past month. Most of them live in just the states that Mr. Ford must carry if he is to be elected and it became very clear that they are not going to forgive him easily, if at all, for his comments.

Mr. Jimmy Carter told labour leaders in San Francisco to-day that "for anyone to state that the people in Hungary, Czechoslovakia and Romania and East Germany are free of Soviet domination is ridiculous." These comments were echoed repeatedly in cities like Chicago and Milwaukee by representatives of ethnic groups. "Mr. Ford has just kissed goodbye to the ethnic vote," one Polish American was quoted as saying bitterly this morning.

Dr. Lev Dobrianski, chairman of the National Captive Nations Committee, said that he was "shocked to hear President Ford state and even try to defend his preposterous statement. In my judgment and that of millions of Americans the statement was incredible." Even Western diplomats in Washington could not conceal their surprise at the remark. "It is absolutely crazy to say what Mr. Ford did. Surely this is what the Nato alliance is all about?" one said.

The White house moved to-day to try to damp down the furore and aides said that Mr. Ford had not meant to say that there was no Soviet domination but rather that the U.S. would never concede such domination of Eastern Europe. But Mr. Ford was given the chance by his questioner last night to say that, after he made his initial remark, and he did not take it. General Brent Scowcroft, his national security adviser, also tried to get journalists last night to agree with what Mr. Ford actually said, even though he did concede that the Soviet Union currently has four divisions inside Poland.

The ethnic vote, which is heavily Catholic, has in the past usually voted Democratic, but it deserted George McGovern in 1972 and had been reported to be very unimpressed by Mr. Jimmy Carter, not least because of the marginally more liberal stand he has taken on abortion than Mr. Ford. The Republicans have been therefore paying the closest attention to this vote and numerous ethnic groups have been warmly received at the White House.

Thus the effect of the President's remark which was quite unequivocal is likely to be devastating. Furthermore it was also likely to profoundly anger many Republicans, particularly those who supported Mr. Ronald Reagan all through the primaries. The charge that Mr. Ford had sold out to the Russians and did not care about Soviet domination in Eastern Europe always drew loud applause from Mr. Reagan's audiences. They may now be so irritated by Mr. Ford's performance that they will once again attack him for his "weakness."

Most observers are still at a loss to understand how Mr. Ford could have made such an elementary blunder in what until then had been a workmanlike defence of his foreign policy. That defence will now presumably be all but submerged by the attention that is paid to the Eastern Europe remark.

Mr. Hamilton Jordan, Mr. Carter's campaign manager, said early this morning that the campaign had already received calls from many ethnic groups pledging their support and indicating their anger at Mr. Ford's observation.

Carter controls content and tempo

BY JUREK MARTIN, U.S. EDITOR SAN FRANCISCO, Oct. 7.

IF PRESIDENT Ford's advisers had had their way, the first of the three televised debates between the Presidential candidates would have been on defence and foreign policy. Mr. Jimmy Carter's advisers resisted this, believing that there was no point in opening with the President's srong suit. So the debates began with domestic issues, supposedly Mr. Carter's strength and Gerald Ford won it. In hindsight, after last night's debate, Mr. Carter's staff may feel they made a mistake for, leaving aside obviously partisan sentiments, there is a concensus view this morning that Mr. Ford's best hand was badly played and that Mr. Carter took advantage of it.

Indeed, Mr. Ford seems to have made at least one grave blunder, in insisting that countries of Eastern Europe (specifically Poland, Yugoslavia and Romania) are not dominated by the Soviet Union. This is a dubious contention at best in foreign policy terms but is one with possibly lethal domestic political implications. Mr. Carter wasted no time in pulling the President up sharply by suggesting that he would like to see Mr. Ford convince the substantial ethnic groups in America of his case. In the words of one commentator: "The President has just kissed off the Polish vote," which, if true, is no small matter, given the heavy ethnic working class presence in the big cities of the industrial heartland, in States that Mr. Ford must carry if he is to remain President.

Mr. Carter's quickness in highlighting Mr. Ford's extraordinary statement illustrated the difference in the first two debates. The Democratic candidate was altogether sharper than he was two weeks ago, having apparently totally lost the awe of the Presidency that was his nemesis in Philadelphia. He controlled both the content and tempo of the debate, often insisting on answering points ranged in previous questions before moving on to the one which had been put to him. At least three times he came close to showing contempt for his opponent: when he caustically remarked that at least Mr. Ford was able to remember the date of the first SALT agreement; when he deflated Mr. Ford's invocation of papal support for the Helsinki agreement by commenting that he was talking about Gerald Ford and not His Holiness the Pope; and when he persistently referred to "Mr." Kissinger as the President when it came to foreign policy matters. Mr. Carter even felt confident enough to sit down several times when Mr. Ford was speaking.

Mr. Carter showed his deftness, too, by managing to speak for his share of the 90 minutes without ever really committing himself to a course of action that might tie his hands if he becomes President. The only exception to this would appear to be his assertion that he would consider any new Arab oil

The U.S. Presidential Election

embargo as "an economic declaration of war" and would respond by cutting off all shipments of aid, goods and materials to the countries imposing it. His defence of Israel was as strenuous as anything that he has given before. He borrowed freely from both right and left, taking leaves out of Ronald Reagan's book on issues such as Solzhenitsyn, the Helsinki agreement and even the Panama Canal, and allying himself with liberal causes.

He also succeeded in repeatedly driving home the point he was most anxious to make given his omissions in the first debate—that America's domestic economic condition, whose current state he deplored, has a major impact on the conduct of American foreign policy. His pharase that the "U.S. should be the breadbasket not the arms merchant of the world" was clearly thought out in advance and delivered with effect. He got in a telling blow with his contention that the Iranian Navy was being sold sophisticated American equipment before the U.S. Navy even got its hands on it.

Mr. Ford's defence looked a little ragged at times. He was clearly disconcerted by Mr. Carter's habit of not always answering immediately the question put to him. Late last night there was sharp disagreement among Mr. Ford's inner circle as to whether or not to seek a change in the format of the final debate to prevent Mr. Carter from doing this. There was no such consideration after the first debate.

The President was, perhaps, slightly unlucky in the questions that he was asked. He was given nothing soft on defence policy to belabour Mr. Carter with—though, by the same token, he was not embarrassed by having the Earl Butz affair raised, as he had feared. His message, delivered more stridently than is his wont, was that America is at peace, with none of its soldiers fighting overseas, and that in the Middle East and southern Africa the U.S. has become the moral mediator respected by all sides. And until he wandered badly off the rails on Eastern Europe his defence of the principles of detente was effective enough.

Mr. Ford may also have tried to pull a rabbit out of his hat by disclosing that the Commerce Department was this morning going to announce the names of companies complying with the Arab boycott. This seems, however, to have caught the Commerce Department unawares.

Altogether, the debate was far livelier than its predecessor and certainly not so bogged down in a welter of statistics. The Eastern European question excepted, neither man appeared to break new ground. The first polls, admittedly unscientific, produced results which were almost exactly the opposite of similar surveys taken after the first debate. Elmo Roper reported that Mr. Carter had won by 40 per cent. to 30 per cent. with 30 per cent. undecided, while the Associated Press gave the Democrat a 38 to 34 edge. It is not known yet how many people watched the debate on TV, though it is assumed that the audience was smaller than previously, given the lacklustre nature of the first debate and some disinterest in the nation at present with foreign affairs.

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OVERSEAS NEWS

Brezhnev condemns Anglo-U.S. mediation

By David Salter

MOSCOW. Oct. 7.

COMMUNIST PARTY Secretary Leonid Brezhnev to-night added his voice to the chorus of official Soviet criticism directed against the Anglo-American mediation effort in southern Africa.

At a Kremlin dinner for Angolan President Augustinho Neto, Mr. Brezhnev criticised those seeking to substitute "fictitious liberation for genuine liberation in the south of Africa." He said such people are, in effect, trying "to preserve the positions of imperialism in the area" and "to support the power of the Republic of South Africa," which he called, "this tottering bastion of racialism."

Mr. Brezhnev said the problems of Namibia and Rhodesia can only be solved by the African peoples themselves, an implicit criticism of Anglo-American "interference."

Mr. Brezhnev's speech comes at a particularly important time for Soviet relations with Africa. President Neto is making his first visit to the Soviet Union and he is one of the five "front-line" African Presidents who have rejected parts of the agreement accepted by Rhodesian Prime Minister Ian Smith for the transition to black majority rule.

Reuter reports from the UN: Zambia called to-day for intensification of the armed struggle in Rhodesia until a genuine black majority Government is in control there.

Addressing the General Assembly Zambian Foreign Minister Siteke Mwale rejected Mr. Smith's proposal that whites should have key positions in the transitional government. He also said armed struggle was increasing in intensity in Namibia and that in South Africa many more were ready to fight.

Meanwhile in Washington, British Foreign Secretary, Anthony Crosland said the Anglo-American peace initiative in southern Africa could remove the biggest threat of conflagration in the world.

OECD will revise down industrial growth estimates

BY REGINALD DALE

MANILA, Oct. 7.

THE SLOWDOWN in the world's industrial economies in the second half of this year is likely to be slightly sharper than originally expected, but there is no need to revise forecasts of an upturn in the new year. This was the main conclusion to emerge from a meeting of the OECD's Working Party Three in the margin of the IMF/World Bank annual meeting here to-day.

Following to-day's deliberations the OECD is to revise downwards its original growth estimates for the second half. These were 4.75 per cent. for its seven biggest members—Canada, U.S., Japan, France, Germany, Italy and the U.K.—and 4.5 per cent. for the 18-nation area as a whole. But it will not alter its projection of 5.25 per cent. growth for the first half of next year.

The organisation will also revise upwards its estimates of both the British and French current account deficits for this year, and reduce its figure for the U.S. The original figures were deficits of \$3.5bn. for the U.S., \$2.75bn. for France, and \$2.5bn. for the U.K.

Experts expected the overall deficit for the area to remain at around the \$20bn. originally forecast.

AP-DJ adds: The World Bank has offered technical assistance to a Government which does not yet formally exist in an effort to promote its relations with the new regimes in southern Africa, Bank sources said. It has offered to train members of the independence movement for Namibia at its Economic Development Institute in Washington.

● The United Nations Development Programme has allocated \$45m. in the next five years for grants and assistance to Vietnam, UNDP administrator Bradford Morse said to-day.

Allon proposes arms curb

BY L. DANIEL

TEL AVIV, Oct. 7.

ISRAEL is prepared even now, before peace is reached with her Arab neighbours, to negotiate with the Arab states for a balanced limitation of the inflow of arms into the Middle East, Israeli Foreign Minister Yigal Allon told the UN General Assembly to-night, in such a manner that the burden (of arms expenditure) will be lightened for all, without affecting adversely the security and the defensive capacity of any country.

The Israeli Foreign Minister made his revolutionary proposal after listing the huge sums now being spent in the Middle East arms race and the implication of this expenditure on the economic and social well being of the countries concerned.

In the past three years, he said, the value of arms supplies delivered by both the East and the West to the Arab countries in the vicinity of Israel is estimated at \$7.5bn. A further \$22bn. worth have been contracted for delivery from the end of 1976 onwards making a total of nearly \$30bn. invested in weaponry he said.

He reiterated Israel's willingness to negotiate with each of her neighbours a final peace settlement "based on a fair compromise which on the one hand, will provide Israel with defensible borders and, on the other, satisfy genuine Arab interests, including, within the context of settlement, with our neighbours to the east, a just and constructive solution to the problem of Palestinian Arab identity. Only a peace which serves the interests of all states concerned will endure. Peace is therefore the foremost objective of Israel," Mr. Allon declared.

Bangkok quiet after takeover

By David Housego and Richard Nations

BANGKOK, Oct. 7.

THE MILITARY regime that has taken over Thailand appeared to-night to have the country under control less than 24 hours after a coup that followed heavy shooting and bloodshed in the centre of Bangkok.

Tanks remained stationed around the main buildings but otherwise the city was quiet. Following the declaration of martial law, the newly formed Administrative Reform Committee responsible for running the country has imposed a curfew from midnight to 5 a.m. but this is being hardly enforced.

Newspapers have been closed down for three days and a military spokesman made clear that censorship will in future be imposed in an attempt to bridle the criticism that has needled Thai Governments since the fall of the former military dictator Thanom Kittikachorn in 1973.

Deposed Prime Minister Seni Pramoj has been released from overnight detention, family sources told UPI yesterday. Seni was "invited" to supreme command headquarters "for his own protection" on Wednesday. In another development, Thammasat University rector Dr. Puey Ungphakorn was released from overnight detention and caught a flight to London.

Top civil servants have been told to carry on as before.

In a bid to gain popular support in a country in which "king, church and nation," are regarded as sacrosanct, the regime has said that it seized power to maintain the monarchy.

The apparent heads of the new regime are the former Defence Minister Admiral Sangad Chaloryo and Air Chief Marshal Kamol Dajatunak in whose name major proclamations have been issued.

Reuter adds: A bitter condemnation by Vietnam of the Thailand coup added weight to-day to suggestions that the coup may lead Hanoi to step up support for Communist guerillas in South-East Asia.

Iran says oil price is low

MANILA, Oct. 7.

THE IRANIAN Minister controlling the Opec special fund insisted to-day that oil prices, far from being high, were a bargain.

Mohammed Yeganeh rebutted a charge by U.S. Treasury Secretary William Simon that another oil price increase would be dangerous, adding that Mr. Simon's prediction that the oil exporting countries will have a \$30bn. surplus in 1977, even without an increase, was an exaggeration. It would be less than half that.

Meanwhile in Hong Kong, David Rockefeller, chairman of the Chase Manhattan Bank, predicted oil prices would rise 10 to 15 per cent. before the end of the year.

● A final agreement on Saudi Arabia assuming 100 per cent. control of Aramco is likely to be concluded and signed next week, informed diplomats said to-day in Geneva.

Agencies

New Syrian attack looms

BY OUR OWN CORRESPONDENT

BEIRUT, Oct. 7.

AS TENSION builds up in Lebanon threatening another Syrian thrust into Left-held territories, slight progress is reported to-day in peace talks between Syrian and Palestinian officials.

Left-wing and Palestinian groups announced a state of maximum alert of their forces in the areas south of Beirut.

Ahmad Jibril, leader of the Popular Front for the Liberation of Palestine—General Command has apparently been ousted after a day of heavy battles in Beirut between rival factions of the Palestinian guerilla group.—IPS

Reports over the past few days spoke of increasing troop movements and Syrian military build-up in the area stretching from Shtoura, on the Beirut-Damascus highway, and Jezzine, a predominently Christian town, south-east of the capital.

The road between Jezzine and the coastal city of Sidon is reported to be heavily mined and defended by Left-wing and Palestinian forces in anticipation of a Syrian thrust westward.

Damascus Radio, in the manner which precedes very major Syrian military operation in the past, broadcast appeals for help sent to Syrian leaders by the inhabitants of villages in south Lebanon.

A meeting was held in Jezzine by right-wing leaders to study the situation in the area.

Meanwhile PLO leader Yassir Arafat's political adviser Hani Al Hassan returned from talks with Syrian officials.

He said: "I think the Palestinian resistance has now regained the initiative and must, therefore, get out of the Lebanese crisis, adding that the crisis must be left to the Lebanese themselves to solve "away from all foreign interference."

Marcos move over rebels

By Our Own Correspondent

MANILA, Oct. 7.

PRESIDENT FERDINAND Marcos to-day said he may send a Filipino mission to the Middle East to resume negotiations with Filipino Moslem rebels aimed at reaching a "final agreement" to end the bloody four-year-old Moslem secessionist rebellion in the southern Philippines Mindanao region.

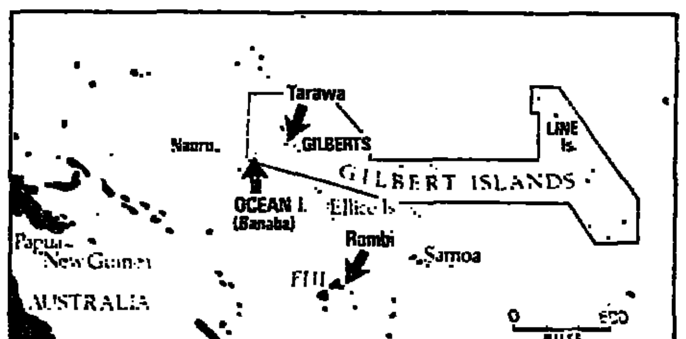
Negotiations with the Moro (Moslem) National Liberation Front would be held under the auspicies of the Islamic conference, Mr. Marcos said, although the venue had not yet been determined.

Talks last August foundered on insistent MNLF demands for total autonomy and an independent army. Mr. Marcos gave no indication to-day whether the MNLF had softened its demands.

THE SOUTH PACIFIC

Island in the money

BY DAVID LASCELLES, RECENTLY IN TARAWA AND FIJI



THE GILBERT ISLANDS in the middle of the South Pacific are everything tropical islands should be: coral atolls topped with waving palms, surrounded by blue lagoons, and inhabited by people straight off a Gauguin canvas. But the peace of this idyllic land where equator and the international dateline cross is deceptive.

After months of bitter litigation, the British High Court will shortly decide whether the inhabitants of Ocean Island, one of the group, should receive greater compensation for phosphate which has been mined there since the turn of the century by Britain, Australia and New Zealand. Important though this judgment will be, it will not settle the real and burning issue—whether Ocean Island is part of the Gilberts at all. This long-smouldering dispute is bedevilling the islands just as they are preparing to receive their independence from Britain.

The Ocean, or Banaba Island, dispute has aroused passions throughout and beyond the South Pacific. The Banabans argue that their island, which is 200 miles from the main group, is historically separate, that they are ethnically distinct from the Gilbertese, and entitled to independence. They claim it is unjust for them to be getting only part of the phosphate revenues, the rest providing the Gilberts with a large part of their income. As the Banabans see it, the other islands benefit, while theirs is slowly whittled away.

To cap their distress, most Banabans were moved from Ocean Island during the last war and were eventually resettled on an island in the Fiji group, Rambi which was bought for them by the British. Rambi is more pleasant and fertile than Ocean. But it is not home; moreover it is 1,200 miles away. So the Banaban case has great emotional appeal. Displaced, allegedly deprived of a part of their revenues, left without a homeland and—now—dragged into independence as part of a territory they reject, they have not lacked foreign sympathy.

Among their most active supporters are the Fiji trade unions which recently blacked air flights to the Gilberts, leaving them with only twice-weekly flights from and to Nauru. This action was apparently taken on the unions' own initiative, and not at Banaban instigation.

International publicity and support for the Banabans is worrying the Gilberts Government on Tarawa Island. If the worst happened, the Gilberts could be cut off from their phosphate revenues, and there is precious little else except fish and copra. Tarawa also fears that although the Banaban dispute must ultimately be settled by the British Government, it will in fact be decided by world opinion, which has so far tended to sympathise with the Banabans.

Tarawa fears that although the Banaban dispute must be settled by the British, it will in fact be decided by world opinion which favours the Banabans.

In contrast to the Banaban case, Tarawa's has little glamour or human appeal. And since the Government is anxious to settle the dispute peacefully it is trying to avoid making eye-catching and inflammatory statements. The ruling Assembly recently defeated a move to withhold advance payment of extra royalties to the Banabans until the Fiji air strike was called off.

Nevertheless, Tarawa has followed the Banabans' example and hired public relations consultants, and is now quietly circulating pamphlets rebutting their arguments. It has produced evidence, for instance, designed to show that far from being ethnically distinct, the Banabans have strong linguistic, cultural and family links with the rest of the Gilberts. It also points out that by Gilbertese standards Ocean Island is close to Tarawa—one member of the group is 1,000 miles away.

In an attempt to come to terms with the Banabans, Tarawa has renegotiated the share-out of phosphate revenues so that the Banabans get half, even though they are less than 5 per cent. of the population. It has also exempted phosphate income from tax, and offered to establish a Banaban Council.

Last year, it is estimated, the Banabans received over £2m. in revenues, free of both Gilberts and Fiji tax.

Why is so much energy being spent over an island whose phosphate will run out in less than five years? Both sides say this proves that their interest is not merely financial. The Banabans claim Ocean as their homeland, Tarawa as an integral part of the Gilberts. But there is always a chance that a 200-mile economic zone round the island would open new prospects.

Tarawa says it would probably close Ocean Island down after the phosphate runs out. The island has no water, and land could never be reclaimed because of the difficulty of importing and laying soil. The Banabans' long-term plans are vaguer. They talk of setting up an independent state associated with Fiji. But clearly Ocean Island could never sustain a viable community, and their plans for resettlement look unrealistic.

So their future must lie in Rambi, where they own the freehold. However, the way they run their affairs there does not augur well. Though Banabans are conspicuous in Fiji for their wealth, they are generally judged to have handled their money less than wisely. Rambi does not look prosperous to a visitor (who needs special permission to go there), and its once thriving copra plantations are in decline. The Banabans' commercial ventures, including a supermarket and a shipping line, are running at a loss. And there has been no shortage of people who view the Banabans as an easy touch. Furthermore, the immense cost of their High Court action, the longest in British legal history, had to be borne out of phosphate revenues, and the share of royalties distributed to the people on Rambi as income had to be cut.

It now seems that in the South Pacific at least, the tide of public opinion is beginning to swing away from the Banabans, largely because of their extravagant behaviour.

The attitude of Fiji is clearly important, as the biggest state in the region, and because of Rambi. The Prime Minister, Ratu Mara, recently had talks with Lord Goronwy-Roberts, the Foreign Office Minister responsible for the South Pacific. And though both sides revealed nothing of their discussions it is understood that they agreed that further fragmentation of states was undesirable.

Though the air strike suggests widespread public sympathy for the Banabans, the real cause is probably to be found in local politics. The Fiji unions are engaged in a running battle with the Government, and are keen for any pretext to flex their muscles.

Nevertheless, the British Government says it is keeping an open mind on the issue, and the Foreign Office is likely to receive a Banaban deputation this month to hear their case. With the Gilberts due to go independent in 1978, a decision will have to come within the next 12 months or so.

WORLD TRADE NEWS

Japan moves to end U.K. car inspection dispute

BY CHARLES SMITH

TOKYO, Oct. 7.

JAPAN'S Ministry of Transport has agreed to send an expert to Britain next month to check on British Government facilities for the inspection of cars for export in a move to speed up the permanent stationing of Japanese inspectors in Britain from early next year.

The move, though apparently trivial, follows a fairly severe confrontation between the two Governments over the question of how and where cars should be tested for export and was made only after the Japanese Automobile Manufacturers' Association (JAMA) had urged the Transport Ministry to act.

Japanese motor manufacturers meanwhile are claiming that the dispute over the inspection issue could still theoretically result in Japan having to suspend its car exports to Britain from October of next year.

The sequence of events in what has now become an exceedingly tangled dispute is as follows. In 1975 the U.K. ended its former practice of sending Ministry of Environment inspectors to Japan to approve Japanese cars for export to Britain on the grounds that Japan was refusing to send inspectors to carry out tests on British cars destined for shipment to Japan.

Japan then agreed "in principle" to station inspectors in Britain some time during 1977 but this was made dependent on the necessary funds being approved by the Ministry of Finance in next year's budget.

The matter took a new turn in September when Japan invited the British Standards Institution (BSI) to send inspectors to Japan to check parts and components for Japanese cars which will have to conform with the new British procedures for type approval of imported cars which are due to come into force next October.

The BSI refused and by doing so created a situation which the Japanese motor industry claims could force it to suspend exports to Britain in a year's time.

Japanese car makers claim that the BSI tests, which apply to 14 types of components including glass, seat belts and brakes, are required to be carried out in the factories of parts suppliers as well as on the actual components.

The motor industry says it needs a year to adapt its production procedures to the new British standards so that refusal by the BSI to send inspectors could mean the suspension of car exports if it is prolonged beyond the end of this month.

JAMA sent a letter last week to the Transport Minister pointing out the dangers of a war over inspection procedures with Britain and asking the Ministry to act quickly to arrange a truce.

The announcement that a Ministry inspector will be going to Britain in November to check British installations is part of the official reaction to this letter. It will be possible for Japan to station inspectors permanently in the U.K. (and elsewhere in Western Europe) from next April.

The inspection issue has gained prominence during the past year because British motor manufacturers claim that the costs and delays involved in shipping British cars for inspection under Japan's complex procedures (and then possibly having to ship them back again for further modification) constitute an important non-tariff barrier.

Terry Dodsworth writes: The Department of Trade confirmed last night that the U.K. was expecting a visit shortly from a group of Japanese officials who are inspecting EEC testing facilities on emission and noise regulations.

This is the first step towards implementing the agreements on mutual testing recently reached between the EEC and Japan. If the EEC facilities are found to be satisfactory, European manufacturers will be allowed to conduct tests without further examination being undertaken in Japan.

A second part of the agreement, concerned with questions such as the external extrusions known as unquantifiable standards, is due to be implemented early next year when Japanese inspectors arrive in Europe on a permanent basis.

● The registration of new cars in Sweden dropped marginally during September to 29,451 compared with 30,938 cars in the same month last year, writes John Walker from Stockholm. The accumulated total for the first nine months of 1976 amounted to 228,173 units compared with 207,316 at the same time last year.

Dutch call for new trade drive

By Michael Van Os

THE HAGUE, Oct. 7.

DUTCH industry and commerce to-day published a White Paper on exports in which a range of Government aid measures are urged to improve the national export position in the longer term.

Basically the White Paper argues that the Dutch export position has been eroded rather significantly in recent years by the faster increase in Dutch wage costs than in competitive countries.

More recently, the relatively hard guilder has been a disadvantage, while it is claimed that Dutch Government support for export clearly trails that of several other countries.

The central organ for foreign economic relations, which comprises 21 organisations involved also in foreign trade, points out that the export of goods and services contributed in 1975 over 58 per cent. of the national income. The export competitive position would have to be reinforced by containing the domestic costs developments to levels below that in competitive countries for several years to come.

High imports level in U.S.

IMPORTED CAR sales in the U.S. rose last month compared with September, 1975, with Toyota and Honda showing particularly large gains. Imports accounted for 18.5 per cent. of total sales. The continued dominance of the Japanese makes is illustrated in the figures for the first nine months, with five Japanese companies in the top ten and most of the European makes suffering substantial falls. British Leyland has held its position rather better than its European competitors.

U.S. IMPORTS

January to September

	1976	1975
Toyota	258,865	223,303
Datsun	206,826	206,013
VW/Audi	180,532	266,899
Honda	105,319	80,184
Leyland	52,211	58,726
Fiat	46,087	76,306
Colt	36,407	49,380
Subaru	35,569	32,982
Volvo	32,335	49,154
Mercedes Benz	29,727	31,822

Jamaica stake in Alcoa

BY RHYS DAVID

A NEW agreement giving the Jamaicans a stake in the operations of Alcoa, one of the big aluminium producers on the island, has been signed by Mr. Krome George, chairman of the company and Mr. Michael Manley, Jamaica's Prime Minister.

The agreement is one of a number which the Jamaicans have been seeking to negotiate for the past two years and will give Jamaica a small stake in Alcoa's overall mining and refining operations.

The Jamaican authorities have been seeking to acquire 51 per cent. of the mining operations of the big North American companies who derive a large part of their bauxite supply from the island, and agreements along these lines have already been reached with two other producers, Kaiser and Reynolds.

Under the agreement with Alcoa, the company is to sell the Jamaican Government 6 per cent. of its mining and alumina refining operations but will continue to exercise management control. The Jamaicans will also buy all of the company's mining and non-operating lands.

According to a statement issued jointly by both sides, the 6 per cent. share of the total operation was established under a formula suggested by the Jamaican Government and has been calculated as equivalent to a 51 per cent. share of the mining operation on its own.

W. Berlin deal for Moscow's new airport

By Our Foreign Staff

AN AGREEMENT in principle has been initialled by Berlin Consult, a West Berlin engineering company, and Vo Soyuzvneshsproyimport, the Soviet Foreign trade organisation, for the construction of the new Moscow Sheremetevo airport which is to be ready for the 1980 Olympic Games.

A financing agreement is expected to be initialled shortly and a contract should be signed within the next few months following discussion of technical details. The value of the contract has been placed by informed source at approximately Roubles 60m. at the current rate of exchange.

Romania shirt imports curb

FINANCIAL TIMES REPORTER

The Government is restricting imports of shirts into Britain from Romania following a substantial rise in shipments during the first eight months of this year.

During the whole of last year total imports from Romania of woven shirts, mainly or predominantly of man-made fibre, reached 204,000 units but by the end of August this year the figure was 236,000. In addition some 72,000 shirts of regenerated fibre have also been imported.

The Government, which has already acted this year to control imports of men's suits from Romania and other East European countries, is suspending the issue of import licences for the time being and will be working through the EEC to introduce arrangements for the rest of the year.

FINNISH TRADE

Expediency dictates a Soviet solution

By LORNE BARLING IN LONDON AND LANCE KEYWORTH IN HELSINKI

THE HIGH level of recent trade between the Soviet Union and Finland, regarded as an important yardstick of Russian success in Western markets, is an important by-product of the world recession and underlines the advantages the Eastern bloc has in these circumstances.

It may also have come as a shock to Britain, traditionally one of Finland's more important suppliers, and makes it abundantly clear that Sweden will play a major role in future Scandinavian development.

The recession and the rise in oil prices particularly have had serious effects in Finland, because of its heavy dependence on Western European markets to sell its goods, particularly forest industry products, and its high energy requirements.

The most notable change in the Finnish trade pattern largely as a result of the increase in the price of Russian oil, has been a 46 per cent. rise last year in the value of Finnish exports to the Soviet Union compared with 1974.

This was clearly necessary under terms of the bilateral trade agreement between the two countries to right the considerable imbalance (FM1.8bn.) which developed in 1974 in favour of the Soviet Union. Although this level is allowed to fluctuate on an annual basis, the agreement calls for a rough overall balance by 1980.

By buying exports, which the West was in any case unwilling to take during the recession, Russia has become Finland's top export market, a position formerly held by the U.K.

During 1975 exports to the EEC fell by one-fifth from 43 per cent. of a total to 38 per cent. and those to the U.K. dropped by 25 per cent. The Soviet Union took 20 per cent. of exports, with Sweden moving up into second place, which is regarded by Finnish trade officials as a welcome boost to Scandinavian trade relations.

Although this overall change is officially dismissed as a temporary phenomenon, figures for the first seven months of this year show a further 7.5 per cent. rise in the value of imports from Russia and a further 3.5 per cent. rise in Finnish exports to that country. Just as the oil crisis increased Soviet-Finnish trade, there has also been more Finnish trade with Eastern bloc countries.

The two major objectives in Finland's economic strategy are to reduce the payments deficit, which reached a record FM7.7bn. in 1975, and to secure a variety of sources of energy.

So far this year the deficit has been reduced significantly and a greater commitment has been made to purchase nuclear power from the Soviet Union. The payments for these reactors, the first to be sold in the West, will commit a great deal of Finnish trade to Russia in future.

The first 420 MW reactor, Loviisa 1, goes critical later this year and its twin, Loviisa 2, in 1979. A further commitment to a 1,000 MW reactor has also been made.

A future objective is to buy more industrial products and less primary goods from the Soviet Union, but only if they are of comparable quality to the Western equivalent. It is perhaps significant that some safety equipment for the nuclear power programme is being supplied by Westinghouse, of the U.S., and other equipment by Finland itself.

Although trade officials stress that when Europe and the industrialised nations are ready to buy more Finnish goods, notably forest industry products, they will buy more in return, but this could take some time.

The forest industry has suffered severely during the recession and growth in foreign demand is put at not more than 3 to 4 per cent. a year for the next four to five years. At this rate reciprocal trade is unlikely to be brisk.

HOME NEWS

Reactor 'obsolete' claim jolts State energy plan

BY IAN HARGREAVES

[illegible]E GOVERNMENT'S nuclear [illegible]rgy programme was given a [illegible]e jolt yesterday when the [illegible]tral Electricity Generating [illegible]rd dismissed as obsolete [illegible]tain's pioneering project to [illegible]ld a power station based on steam generating heavy water [illegible]ctor principle.

[illegible]ir Arthur Hawkins, chairman [illegible]he CEGB, told the Commons [illegible]ct committee on science and [illegible]nology that, because of re[illegible]d forecasts of electricity [illegible]nand and the public expendi[illegible] squeeze, major expenditure the 2,600 megawatts SGHWR [illegible] station at Sizewell, Suffolk, [illegible]ld not be justified.

[illegible] a memorandum to the com[illegible]tee, the Board had already [illegible]nted out that work during the [illegible] two years had shown the [illegible]HWR design would be "much [illegible]e expensive than the 1974 [illegible]mates and indeed substanti[illegible] more expensive than some [illegible]er reactors built to the same [illegible]ndards."

[illegible]he memorandum went on to [illegible]ress concern at the environ[illegible]ntal impact of building such [illegible]arge station and to suggest [illegible]t now was a suitable time to [illegible]ke stock of the situation."

[illegible]ut, in replying to questions [illegible]m the committe, Sir Arthur [illegible]de it plain that although the [illegible]GB had followed its instruc[illegible]ns from the Government in [illegible]rying out the SGHWR pro[illegible]mme so far, he regarded the [illegible]eme as obsolete and believed [illegible]t it should be scrapped.

[illegible]ecision time

[illegible]ir Arthur was asked whether [illegible] was really pressing for [illegible]ption of U.S. light-water [illegible]ctor technology or for further [illegible]estment in advanced gas [illegible]led reactors of the type which [illegible] Board has successfully com[illegible]sioned at Hunterston, Scot[illegible]d, and Hinkley Point, [illegible]nerset. He replied that he [illegible] not asking for the SGHWR [illegible]tem to be replaced with any[illegible]ng at this stage.

"The time to be making a [illegible]ision is in two years and we [illegible]uld answer that question then [illegible]d not now," he said. He did, [illegible]wever, acknowledge that the [illegible]ard had been very pleased with [illegible] success of the Hinkley [illegible]tion and said that some of the [illegible]sources saved by scrapping [illegible]ewell could be used to fill [illegible]ps in the existing AGR pro[illegible]mme.

Sir Arthur was also challenged [illegible] the committee to say what [illegible]ect the freezing of the pro[illegible]mme he was proposing would [illegible]ve on the nuclear power [illegible]dustry and its design teams [illegible]ich, it was suggested, would [illegible] without work if the steam [illegible]nerating concept was dropped.

He replied that both the indus[illegible] and its designers should be [illegible]king export outlets for its [illegible]hnology, such as nuclear fuel [illegible]cessing plant, in which [illegible]itish systems led the world.

"There was no sense in invest[illegible]g massively in unwanted tech[illegible]logy just to keep the industry [illegible]cupied, although the CEGB was [illegible]epared to advance its ordering [illegible]r the Drax B coal-fired station [illegible] Yorkshire as this was "the [illegible]ost practical way of giving [illegible]eryone some help."

"There was no shortage of available projects for resources and expertise. "Having once and for all put to bed the SGHWR, in order to make use of talent employed on that work, it would be more beneficial to be working on fast reactors and above all on commissioning AGRs on which we have a resources shortfall."

Figures lacking

Sir Arthur came under heavy criticism from the committee for failing to provide figures to back up his case that the SGHWR was now the most expensive of the three main slow-breeder reactor systems and for appearing to favour the light-water system developed in the U.S.

He countered that the British nuclear industry would have more to gain in the long run in export orders from co-operating in a trans-European scheme than from going it alone with the SGHWR. He would provide figures for the committee later this year.

The Department of Energy, which said yesterday that nuclear energy policy was "under review," will not be surprised by Sir Arthur's statements. They have been foreshadowed for some months, although the bluntness with which they were delivered has certainly added to the drama of the debate over nuclear energy options.

Mr. Anthony Wedgwood Benn, the Energy Secretary, told the same Commons select committee in August that for Britain to drop the SGHWR would be to risk loss of credibility for our nuclear technology.

If the Government does refuse to alter its two-year-old commitment to the SGHWR, however, it will be in the face of advice to the contrary from not only the CEGB, but the U.K. Atomic Energy Authority, which believes that Britain should closely examine the possibility of introducing the American light-water reactor under licence. Sir Arnold Weinstock, managing director of GEC, has also this week urged adoption of the same U.S.-based technology.

Gas-cooled plant defended

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITAIN should remain with its advanced gas-cooled reactor (AGR), now that there was quiet optimism about its future performance, a former technical chief of the Central Electricity Generating Board told engineers in London last night.

Mr. Eric Booth, Board member for engineering until 1971, affirmed his belief that Britain needed a "modest but continuing" nuclear power programme, and advocated ordering one new AGR station a year as a "sensible insurance policy," against any repetition of national industrial action by the miners.

With the Board having no need to order any new generating plant before 1979-80, circumstances were "obviously against a large enough programme to warrant the development and introduction of a new reactor system, good though the scientific and engineering appraisal of this system might be."

Could Britain afford the heavy development costs associated with its new "steamer" reactor, when there were alternatives already developed? He did not accept that all the fine work on gas-cooled reactors should be abandoned.

Beneficial

Mr. Booth, chairman of the Yorkshire Electricity Board, was delivering his inaugural address as president of the Institution of Electrical Engineers, on the electricity supply industry.

He called on Britain to develop and promote the commercial fast reactor in a "measured and rational way," saying that he could imagine no safer place for plutonium than within a reactor, and no more beneficial use for plutonium than as a fuel. Its ability to breed fresh nuclear fuel made development of a commercial fast reactor essential.

The electricity industry could not avoid making decisions which would last for a long time. Any new central power station ordered now would not be in full operation before the mid-1980s, and would still be producing electricity in 2015.

But many people—"and not the least vociferous"—failed to understand the timescale of operation in energy supply, or the problems and risks invoked by advanced technology, or the need to put scarce investment resources to the best use.

Turning to alternative schemes for future energy supplies, Mr. Booth said that few of those involving combined heat-and-power few were viable in terms of capital cost and energy conservation.

The best prospects for urban sites involved gas turbines equipped with exhaust-heat exchangers, or more complex combinations of gas and steam turbines.

Foreign loan losses tax relief opposed

BY TERRY WILKINSON

[illegible]OSSES ON foreign currency [illegible]ans used for financing activi[illegible]s outside the U.K. tax net [illegible]ould not be eligible for tax [illegible]lief nor should any relief be [illegible]anted retrospectively, says a [illegible]nsultative document prepared [illegible] the Board of Inland Revenue.

The document follows repre[illegible]ntations made to the Chancel[illegible], and referred to in his April [illegible]dget statement, that the extra [illegible]st of repaying foreign currency [illegible]ans when sterling falls in [illegible]lue should rank for tax relief. A decision on the issue was [illegible]omised for next year's Budget.

A wide range of companies, [illegible]iefly those raising foreign [illegible]rrency loans to finance activi[illegible]s in the U.K., have had large [illegible]tential or realised losses [illegible]cause of the recent fall in [illegible]rling.

Of all sectors, the independent [illegible]nks are most exposed, because [illegible]arge proportion of their assets [illegible]d liabilities are demoninated [illegible] foreign currency.

Inland Revenue practice is to [illegible] any surplus arising from the [illegible]l in sterling, without giving [illegible]ief for the corresponding in[illegible]ase in the sterling equivalent [illegible] the foreign loans.

Hambros, the banking group, [illegible]ted in its report and accounts [illegible]r 1975-76 that it had a poten[illegible]l tax liability of £3.75m. if a [illegible]rplus on foreign assets financed [illegible] foreign currency borrowing [illegible]re to be realised.

It said that it "would strongly [illegible]ist any charge to tax" and [illegible]de no provision for this con[illegible]gent liability.

Consortium banks, in which [illegible]veral banking groups are [illegible]areholders, claim to be in a [illegible]rse position since the U.K. tax [illegible]thorities are seeking to tax [illegible] "conceptual profit" the in[illegible]ase in the value (in sterling [illegible]ms) of the foreign currency [illegible]ets which dollar denominated [illegible]bordinated loans, invested by [illegible]areholders, have been used to [illegible]d.

Foreign currency loans are [illegible]ntly treated in existing cor[illegible]ation tax and capital gains [illegible] legislation. Present tax [illegible]isions are based on a broad [illegible]tinction between short-term [illegible]ital on the one hand and [illegible]ns which are held to add to a company's capital base on the other. But in one instance, after the 1967 devaluation, relief was extended to investment trusts with substantial foreign portfolios.

The Inland Revenue discussion paper says that to remove this broad distinction would be to go "too far in some circumstances" and it raises the question of whether loans should be linked instead to specific assets.

"There could be no question of applying relief retrospectively to loans repaid before some current or recent date." Thus, relief should not extend to losses arising from parity changes before that date, even if the loan is subsequently repaid.

Views sought

The Board of Inland Revenue sees a danger in multinational companies and feels it "essential to deny relief to the extent that the funds borrowed had been used directly or indirectly in activities outside the U.K. tax net" and again "where no overall loss arose to a group considered as an entity."

It is also for consideration "whether for each company some upper limit on borrowings qualifying for relief should be set by the reference to the relationship of the borrowing to its equity capital."

Plea for Lakes sheep farmers

THE LANDSCAPE of the Lake District and other national parks is being endangered by the decline in the fortunes of hill farmers, according to a report prepared for the Countryside Commission.

The report, "A Study of the Hartsop Valley," shows that Lake District farming, landscape, provisions for public enjoyment and the well-being of the local community are interdependent.

It provides further evidence that the traditional beauty of the landscape is maintained largely by sheep-farming activities.

The study is produced by a team from Rural Planning Services.

Call to use NEDC as a forum

By Kenneth Gooding

THE NATIONAL ECONOMIC Development Council should be adapted to provide a forum where policies affecting industry could be "removed from the rarified and often impractical atmosphere of Parliament," suggests the Engineering Employers' Federation.

In its annual economic review the federation says the NEDC could be used as a forum at which industrial strategy was debated and "evolved" by both sides of industry, working with all political parties and the Civil Service.

The NEDC could then put "practical, consistent and acceptable policies to Parliament for approval.

"This would lift a great burden from the Government of the day and would mean that industry would cease to be an increasingly expensive political footbal," says the federation in its pamphlet British Engineering—Prospects and Problems.

Uncertainties in manufacturing industry are generally echoed in the paper, but the federation believes the bottom of the recession has been reached.

Mr. Anthony Frodsham, director-general of the Engineering Employers' Federation, said yesterday it was difficult to see "dramatic improvement in employment" in the industry until productivity had improved.

EEC may urge cuts in steel output

BY ROY HODSON

FALLING SALES and fierce competition from imports, particularly from Japan, have caused a crisis in the European steel industry.

In the next few days all Common Market steelmakers will be asked by the Brussels Commission to cut steel production to match the slump in the market.

In another attempt to save the deteriorating situation an EEC official will be sent to Japan next week to try to check the flood of Japanese steel into Britain and other EEC member countries.

Mr. Yohannes Petrick, a West German, who is director of the EEC steel department, is being brifed to obtain voluntary agreements with the Japanese Government and the steel producers to limit steel exports to the EEC.

The European steel slump was described officially as a crisis at the annual meeting of the Consultative Committee of the Coal and Steel Community in London yesterday with Mr. Joe Gormley, president of the National Union of Mineworkers, in the chair.

This description of the state of steel in Europe underlines the swift collapse of the market. Until only weeks ago the industry was still hoping for a boom in sales in the last months of this year and early next year.

Mr. Hans Dichgans, a representative of the Federation of West German Steel Producers said that while it was not yet time to declare what the EEC knew as a "manifest crisis" in steel, his committee was certain that an actual crisis existed.

The EEC estimate for the market for steel in Europe has been revised down sharply, it was disclosed last night, from 34.7m. tonnes in the fourth quarter to 34m. tonnes.

During the steel recession last year the Commisison was reasonably successful in persuading steelmakers to limit their output to match market conditions and avoid surpluses.

The Commission intends to try the same tactics, but emphasises that such a system will not amount to agreements among individual steel companies and, therefore, will not be a cartel.

The Commission will have more difficulty in checking the volume of steel imports, which have risen in the past year from 5 per cent. to 10 per cent. of EEC needs.

Japanese steel represents the biggest single threat to European producers. Mr. Petrick will be seeking reductions "across the board" of steel products being sent to Europe by Japanese producers.

Products causing particular concern include Japanese shipbuilding plate, special steels and tubes.

More Home News, Pages 10, 11

Gloom hits U.K. scrap traders

By Roy Hodson

MEMBERS of the British Scrap Federation took a gloomy view of prospects for the international steel market at their half-yearly meeting in London yesterday.

They have seen the price of steel scrap fall 20 per cent. since June because of poor demand for steel in the industrial nations.

The Department of Industry reacted last night to pressure from the scrap merchants to be allowed to export more ferrous scrap to reduce the record 3m. tonnes stockpile in Britain.

The quota for exports to countries outside the European Community has been raised for the fourth quarter of the year from 60,000 tonnes to 75,000 tonnes. The department said last night that the increase was designed to take into account the current slackness in the British scrap market.

Members of the federation, who represent a £400m.-a-year industry in ferrous scrap, are coming to the view that no real upturn can be expected in international steel trading before the m[illegible]dle of next year.

Mr. Douglas Freeman, managing director of George Cohen S[illegible] and Co. (the 600 Group), said yesterday: "If home scrap prices go down further it will be catastrophic for the scrap industry."

Directors of leading British scrap companies attending yesterday's meeting said it could prive financially disastrous for them if scrap prices fell further while interest rates on the financing of their stocks were rising [illegible]

Lending rate resignation call ignites conference

Heseltine claims collapse of Chancellor's policies

BY JOHN HUNT

A DEMAND that the Chancellor of the Exchequer (Mr. Healey) and the Government should resign immediately as a result of the announcement of a 15 per cent. minimum lending rate was made yesterday by Mr. Michael Heseltine, Tory industry spokesman, who won the biggest ovation of the conference with a rousing speech in which he delivered a savage attack on Labour Left wingers.

"How much harder will it be to find opportunities for profitable investment after to-day's announcement that a record crisis rate of interest is now going to prevail throughout the whole of the domestic economy?" he asked.

"It represents a total collapse of Mr. Healey's policies. It will destroy jobs, savings, investment and profit.

"He should go," Mr. Heseltine declared, shouting to make himself heard above uproarious applause. "This Government should go and if it had a shred of courage, or of pride, it would go to-day.

"British industry is paying often twice as much in interest rates as its competitors overseas for the money it invests. Until the demand for Government borrowing is reduced and inflation controlled, this will continue. A major contribution to profit must come from the lowering of interest rates commensurate with a responsible economic policy."

Destroy

His words, coming after a week of restrained and subdued speeches from the platform, acted like a tonic on the morale of delegates.

Mr. Heseltine offered them a programme including the scrapping of the National Enterprise Board, the return of some nationalised industries to private hands and an easing of tax burdens on industry. In addition, he scathingly criticised the social contract but did not go quite as far as saying that a Conservative Government would scrap it.

In a spirited wind-up, he attacked what he described as the Marxists in the Labour Party. He claimed they were out to destroy the free enterprise system because that alone stood between them and total State power which they craved.

Mr. Heseltine accused the moderates in the Labour Party of failing to stand up to the men of the Left. The Labour leadership merely paid lip service to the need for profitability.

The Left wing message from the Labour conference had been clear—left, left, left. They were, he said, "a rabble of political extremists, orchestrated from within the Cabinet, united only by their enthusiasm to keep the Red Flag flying."

High taxation and lack of incentives were driving away investment, he maintained. This was made worse by the threat to nationalise the major banks and insurance companies and to introduce compulsory planning agreements. Detailing the measures a Conservative Government would introduce on the industrial front, he said it would bring in tax incentives to encourage profit sharing schemes, and there would be a relaxation of the Price Code and dividend restraint.

In the nationalised industries, productivity targets would be set and, in appropriate cases, private capital would be introduced.

The threat of capital taxation of small businesses would be swept away and this sector would also be helped by the establishment of a system of proprietory companies. Multi-rate VAT would be abolished and the threshold of VAT registration raised.

The Neddy organisation would be used to operate a process of partnership with both sides of industry. Safeguards would be introduced in the granting of State aid to industry. With the abolition of the NEB, the companies which it controlled would be restored to free enterprise.

Turning to the social contract, he described it as a Socialist contract, negotiated by union leaders with a Socialist Government to impose Socialism on a non-Socialist Britain.

Mr. Michael Heseltine, Shadow Industry Secretary, acknowledges a standing ovation after his speech.

"It is in that sense that we reject it," he declared.

The conference passed a resolution condemning the lack of incentives in industry and commerce, and calling on the party to formulate policies which would reward industry and initiative.

Photographs by Ashley Ashwood

Proposing the motion, Mr. P. Johnston, of Tiverton, said that if the nation was to progress, then its leaders must create conditions which encouraged productivity and initiative.

"This nation is standing still, divided by policies that perpetuate differences between us," he added. "There are those who deliberately divide to gain power. The Government policies we see to-day are evidence of this."

Mrs. Rosemary Brown, of Newham North West, said that the Tory Government must concentrate on the future of small businesses. At the moment, she said, they were being "crucified on the altar of Socialist dogma" because they were one of the last remaining bastions against growing monopoly control.

Over the past two years, the "lunatic Left" had brought in penal taxation and a discriminatory system of National Insurance contributions backed up by unwarranted Government interference.

Mr. Dudley Fishburn, Isle of Wight, thought it unfortunate that the public seemed to think that the Conservative Party was linked with the big battalions of industry through the CBI instead of with the small businessman.

"Let us be identified with commerce, with profit, with investment, with the creation of jobs," he added. "But let us not pretend that it is the CBI—who have been no friend of the Tories—who are alone able to negotiate on behalf of those who believe as we do."

Mr. D. Hinkley, Rotherham, said that the Conservatives must ease the burden of small business and must allow companies to retain more profit for reinvestment. Unless this were done, "the private sector is finished and with it goes us and this country as we know it."

Sir Nicholas Cayzer, of Saffron Waldon, told the conference that the Blackpool Labour Party conference had shown a steady march towards a corporate State in which the ordinary citizen would have little say.

Raison promises incentives for private landlords

BY JUSTIN LONG

THE "SPITEFUL dottiness" of the Socialists' 1974 Rent Act would be reformed by the next Tory Government under a new policy of incentives for private landlords.

Making this pledge at the party conference yesterday, Mr. Timothy Raison, shadow Secretary for the Environment, also assured hard-pressed mortgage payers that he wanted to find more ways of helping them.

But while he stressed this desire, and the Tories' continued belief in home-ownership, Mr. Raison said he had been particularly keen since taking over his present shadow Cabinet responsibility to get people thinking once again about private renting—"and in positive terms."

He added: "We have got to be realistic. We shan't overnight conjure a mass of new investment into building to let. Landlords have been bitten too often by Socialists for that. But what we can do is to re-establish the idea that there is nothing wrong about being a landlord."

He wanted squatting brought under the law, and also wished to examine whether it was really necessary for local authority housing so often to be more expensive than the equivalent private housing for sale. This would mean taking a "beady look" at the Parker Morris standards, he told conference.

Amid loud approval from the many Tory councillors in the hall, Mr. Raison said that he wanted direct labour departments brought under proper control and strictly limited—rather than expanded as the present Government intended.

He accepted without reservation a motion urging the need to ensure that council tenants could buy their own houses, with provision of greater encouragement to home ownership generally.

Even some Tory councils, said Mr. Raison, were adopting sale schemes for council houses which "frankly, are not good enough."

He went on: "Let me remind those councils that even Labour Ministers accept that a 20 per cent. discount is reasonable . . . not least because you are selling to a sitting tenant."

But the loudest applause of the debate was accorded to Mr. Horace Cutler, Opposition leader on the Greater London Council.

Urging wholehearted Tory action in the sale of council houses, he declared: "What is good for Baron Jack Jones—who bought his council flat from me in London when I was GLC housing chairman—is good for the rank and file, isn't it?"

Mr. Timothy Raison . . . anxious to help mortgage payers.

Looking ahead to a Tory victory at the Greater London elections next May, Mr. Cutler drew further cheers with the promise that victory for the party in those elections would be followed by the "sale of the century" in the field of council housing. Municipalisation would stop and home-ownership by every conceivable method would be promoted and encouraged.

If the Labour Government frustrated that intention, Mr. Cutler said he would resist in every way possible.

Law Society chief hits at advertising proposal

BY A. H. HERMANN

THE Monopolies Commission's recommendation that solicitors should be allowed to advertise was strongly attacked by Mr. David Napley, president of the Law Society, in Torquay yesterday.

He also criticised newspapers and television for what he described as distortions concerning the legal profession, and the Government for setting up a Royal Commission on legal services.

Mr. Napley called for extensions of legal aid to cover disputes before industrial tribunals and to encompass a wider income group of litigants, but attacked proposals which would take the administration of legal aid out of Law Society hands.

He described suggestions for ending the conveyancing monopoly of solicitors as irrelevant to the growing housing problems of the country.

Mr. Napley has also expressed his concern about the possible undermining of the confidential relationship between a solicitor and his client—a development started in his view by the partially successful endeavours to breach in taxation matters the client's privilege to consult his solicitor without any risk of what he says being disclosed to any Government department.

He sees the advent of the closed shop in local government facing solicitors in its service with the choice between falling short of their professional obligations or losing their employment, as a further important restriction on the independence and freedom of the profession.

Discussing the Monopolies Commission's recommendation that solicitors should be allowed to advertise, Mr. Napley said yesterday that the Law Society had plans to spend £300,000 on forms of institutional advertising.

He was not happy about the reasons for this decision but said he was now convinced "that the profession can never begin to answer the case which is often unjustly and inaccurately put against it by certain sections of the Press and media, usually at national level, unless it expends hundreds of thousands of pounds each year ensuring that such distortions are vigorously refuted."

It was regrettable that this would add to the cost of the service, but he had succumbed to the principle "if you can't beat them—join them."

While institutional advertising by the Law Society thus had his qualified approval, the president seemed unreconciled to the prospect of individual advertising by solicitors. Only the larger firms of solicitors would be able to afford the vast expense involved and they would therefore tend to monopolise the available work, he believed.

The proposed transfer of the control of legal aid funds from the Law Society to a Legal Services Commission could lead to inroads into the profession's independence and to outsider's gaining influence over the training and ethical code of the profession and the exclusion of unfit solicitors from practice.

The Law Society regretted the appointment of a Royal Commission on Legal Services composed mainly of members who were not practicing lawyers. The real delays and high costs of the legal service were not caused by practicing lawyers, but by the obsolete legal procedures which obliged solicitors to perform and charge for services which should have been made unnecessary long ago.

Such reforms of court procedure would enable the cost of litigation to be reduced while allowing for proper remuneration of the really necessary services of solicitors. Unfortunately the vast majority of members of the Royal Commission did not know how the legal service operated and could not therefore recommend the necessary procedural changes.

Rank signs £11m. film deal with Klinger

MR. MICHAEL KLINGER and the Rank Organisation have signed an £11m. deal for production of four films over the next two years. All will ze produced by Mr. Klinger, who will handle sales in consultation with Rank.

All will be British, or British co-productions, based at Pinewood Studios.

Mr. Klinger is one of Britain's best-kwown film makers. His productions include *Gold*, *Shout at the Devil*, and the *Confessions* sex-comedy series.

The films will be a welcome shot in the arm for the film business, which is in a somewhat shocked state. Though more money is being spent than a year ao, the number of pictures is much reduced by the emphasis on big-budget films.

Devolution blast muffled

BY PHILIP RAWSTORNE

Scarcely a breeze of contention ruffles the well groomed unity of this conference. Opposition comes with apologies; criticism with caution.

Having passed ten resolutions overwhelmingly in support of the leadership, the conference yesterday rose to the peak of responsibility and gave the eleventh—on defence and foreign affairs—a unanimous vote.

All may not be quite what it seems—like the delegate who nearly lost his toupee in the rougher weather outside. But the party managers take precautions against such accidents and embarrasments in the hall.

They closed the door firmly yesterday against the blast of a score of hostile resolutions on devolution. Derby North and Worcester South, Huddersfield East and West Bromwich West, the wind of no change came from all quarters. But not much more than a draught got through to discomfort the platform.

Not enough breath for a debate—just a "discussion."

Government meddled, harassed, and restricted, Mr. Christopher Ward, Eton and Slough, complained. The country wanted less of it, not more.

"The issue must be faced quite squarely," he said, turning sideways. "The issue is not devolution at all. The issue is separatism."

That raised a cheer, and a banner proclaiming: "Keep Britain United. No assemblies."

Mrs. Jackie Lysaght—on the principle that a good thing cannot be said too often—reiterated that Wales did not want a Welsh Assembly. Money should be spent on dealing with problems, not paying more people to talk about them, she said.

The demand for devolution in Wales was "underwhelming" confirmed Mr. Donald Walters. It had no wish to be dragged into the slipstream from Scotland.

And Scotland had been no more badly governed than the English regions, said Mr. Tim Brown of Stockton. Yet the North-east had not clamoured for independence when its coal and iron had been exploited as Scotland now selfishly sought to safeguard its oil.

"Our party is still the party of union," he cried amid applause.

The general feeling seemed to be that there was nothing that a Conservative Government and perhaps a referendum could not resolve. But there were a couple of stormy warnings from Scotland itself.

Dr. Alistair Smith, vice-president of the Scottish party, said bluntly: "Make no mistake about it. There is a changing mood in Scotland . . . an air of malaise with Government as it is presently constituted." If the Conservatives, in blind ignorance, did not recognise it, the Scottish National Party would take advantage of it.

Mr. Michael Hirst, candidate for East Dumbarton, said that if the party were to renege on its commitments, its political credibility would be shattered and it would not regain the Scottish seats needed to form a Conservative Government.

"Rubbish" shouted some delegates.

And Lord Carrington — "Scottish wife, Welsh grandmother, Irish peerage and English family" — rose in reconciliation.

The party was against Labour's plan, he said, blowing the hostility in more profitable directions. But it had to listen to the voice of Scotland as well as that of Wales. "We should not exclude a referendum at the right time," he added—or, for that matter, Lords reform, proportional representation, or a Bill of Rights.

"Let us have more controversy, more argument," he said. But the anti-devolutionists had to leave for their own meeting outside to continue it.

Rank and file urged to play full part in union activities

BY JUSTIN LONG

THE TORY PARTY leadership yesterday reinforced its call to the rank and file to take a full part in trade union activities.

If the Conservatives were to govern with success they must, as a party, understand the trade union movement, be responsive to trade union feeling and make contact at every level, Mr. Nick Edwards, from the platform, told conference.

But this policy could not be carried out alone by Ministers in formal consultations with union leaders. The understanding must be achieved by every means and at every level.

Mr. Edwards, replying to a debate on party organisation, followed the previous day's speech by Mr. James Prior in which the shadow Employment Secretary indicated Tory anxiety to bury the myth that the party was a party of union-bashers.

"We cannot surrender our institutions to the political schemers of the Left," said Mr. Edwards. He urged Tory moderates to take up the challenge and ensure within the union that the majority's view and the moderate view prevailed.

Tory groups were being formed in industries and in individual unions. There was a long way to go, but a start was being made, he suggested.

Mr. Edwards accepted the motion before the conference which welcomed the party's new approach to trade unionism, and urged the formulation of a programme of education for Conservatives on trade unionism "to ensure that those who joined their appropriate trade union could really play an active part in its affairs."

Speakers at the rostrum maintained that too many Conservatives were failing to join their appropriate trade union, and even where they were members, they tended not to go to the meetings.

Tory trade unionists were urged to put forward sensible policies to theri employers and mount a meaningful campaign to persuade more moderates to join their union.

Mr. Mike Harris, chairman of Greater London Young Conservatives, drew cheers from the conference when he urged the party to stop mere talk about education on trade union affairs. In place of that, party members should be getting on with the real job of getting into the unions and standing for office as soon as possible.

Mr. Edwards, in his reply to the debate said there was reason to believe that many trade unionists would be ready to respond to the moderate approach.

"For among them, there is growing concern as they see their leaders, not as their representatives, but as the allies and instruments of Government.

"There is growing concern at the suffocation of free collective bargaining, growing concern at rising unemployment and the falling value of the pay packet. Along with this there is growing recognition that Labour is now the party of unemployment.

"Millions of workers voted Labour because of unemployment. Now they are unemployed because of Labour. It is against that background that we shall pursue our economic policies.

"And, far from being policies that will entangle us, I believe that they will enable us to break free from the entanglement."

The motion was carried by an overwhelming majority.

Bell attacks immigration 'waffle'

TORY MP Mr. Ronald Bell claimed last night that another dose of "waffle" from the Conservatives on immigration would make it respectable to vote National Front.

Mr. Bell, attacked at a Monday Club meeting at Brighton, the comments on immigration in the new Tory policy document "The Right Approach."

The document spoke of the largely calm and tolerant way in which our towns and cities had received a significant number of immigrants. "It would be hard to be more out of touch with the nation," Mr. Bell declared.

He described the desire of Mr. William Whitelaw, shadow Home Secretary, to compile a register of dependents as "half baked." What the British people wanted was not better public relations about immigration. "They just want it to stop."

Welfare fraud inspector demand

BY JUSTIN LONG

THERE MUST be tra[...] spectors to stop abuse o[f] welfare services where this [...] from sheer dishonesty, [Mr.] Patrick Jenkin, shadow Sec[retary] for Social Services, told [con]ference.

He reiterated the Tories' commitment to the tax [credit] system, and said that thi[s was] the right way to provide [...] support and enable those in [need] of care to escape from [the] poverty trap.

Mr. Jenkin, winding [up the] debate on the social se[rvices] stressed that in Governme[nt a] Tory party must make it[s] priority the care of patie[nts].

"But we believe it [must] always pay to work," h[e told] party representatives [who] deplored scroungers and [those] who preferred to live on [...] payments.

"Tax credits will he[lp] eliminate the nonsense of [...] being better off without [work]," Mr. Jenkin assured confere[nce] the same time warni[ng his] hearers that the system co[uld not] be introduced overnight.

The Labour Party shou[ld not] be allowed to get away wi[th the] "cheap claptrap" of bei[ng the] only ones to care for tho[se who] needed help in society. "[It was] always nonsense and [...] record since 1974 has pro[ved it] to be nonsense.

"Bleeding hearts are n[o sub]stitute for solid action," [he] added.

Conference passed [unani]mously a resolution att[acking] the Welfare State as bein[g out of] date, ineffective and [...] with abuses. It calle[d for] forward-looking devel[opments] designed to meet the ne[eds of] the last quarter of the century.

Fitt voices doubts on leadership

MR. GERRY FITT, lea[der of] Ulster's Social Democrat[ic and] Labour Party, doubts that [a Con]servative Government [led by] Mrs. Thatcher could help [solve] Northern Ireland's proble[ms].

He told Greater [London] Council Young Tories at a [meeting] yesterday that he respect[ed the] efforts made by the Heat[h Gov]ernment. "I cannot sa[y that] about the sentiments now expressed by Airey Neave, Biggs-Davison and some o[f the] other Right-Wingers in th[e Con]servative Party.

Maudling argues need to sustain detente

BY JOHN HUNT

THE NEED for Britain to continue a policy of detente with the Soviet Union despite the disappointing progress made in the wake of the Helsinki Agreement, was strongly emphasised by Mr. Reginald Maudling, shadow Foreign Secretary.

He was replying to a defence debate in which a succession of speakers called for a strengthening of Britain's defences to combat the growth of Russian military strength, particularly the huge increase in Soviet naval power.

One speaker, Mr. Michael Lyeett, prospective Parliamentary candidate for Consett, told delegates: "With our present military state, Tartar-controlled hordes could walk across the Channel."

Mr. Maudling agreed that it was essential to strengthen our defences and maintain them at a level to deter any thoughts of aggression by the leaders in the Kremlin. But he also warned: "I would say to those eager to dance on the grave of detente, beware! You may be dancing on the grave of civilisation.

"The death of detente would mean an arms race in an even more violent and uncontrolled form." Such a race inevitably ended in the arms being used. If that happened, all that would be left of our civilisation would be charred ashes with the nuclear fall-out drifting across frontiers.

Following the strongly-worded and controversial series of speeches by Mrs. Margaret Thatcher, the party leader, it was obvious that many delegates had hoped that Mr. Maudling would take a stiffer line against detente. Yet, although they were disappointed they gave him a good round of applause at the end of his authoritative performance from the platform.

Recalling Britain's military weakness in the 1930s, Mr. Maudling said that the best guarantee of peace at the present time was a strong defence, arms and resolution. He also stressed, however, that the situation now was entirely different to that posed by the pre-war German threat. Total war would mean nuclear annihilation.

Our aim should be threefold: to prevent war, sustain freedom and achieve disarmament.

One of the main dangers to Britain was that the Communists would indulge in political aggression behind a military shield. He condemned Russian backing of Cuba in Angola as being incompatible with detente.

In these circumstances, we had to ensure that our capacity to retaliate against nuclear attack would be so strong as to bring destruction on the aggressor. Conventional forces had to be brought up to a level where a hostile power would know that aggression would not pay.

Mr. Reginald Maudling agreed it was essential to streng[then] Britain's defences.

Mr. Maudling was al[so ex]tremely sceptical of the [Govern]ment's policy of advancin[g] credit to Russia. In or[der to] finance our export trade, [we] must reconsider our cred[it poli]cies, he said.

"It seemed strange th[at the] West should be pr[epared to] finance to give Russia re[sources] that could undermine o[ur] democratic system.

The conference passed [a reso]lution proposed by Mr. [...] Cavendish, of Morecam[be and] Lonsdale, who warned "[Detente] is utterly meaningless [unless] conducted from a posi[tion of] strength." The motion [noted] with alarm the grow[ing] Russian military powe[r and] urged a Conservative [Govern]ment to strengthen our d[efences] and to continue to exp[ose the] Russian threat.

YCs criticise 'invisible man'

BY JOHN HUNT

MR. REGINALD MAUDLING faced an embarrassing situation at the conference yesterday when he was criticised from the rostrum for failing to fulfil his role as shadow Foreign Secretary energetically enough.

He also came under fire from the Young Conservatives who, in a circular distributed at the conference, described him as "the invisible man."

Mr. Philip Taylor, a delegate from Harrogate, was applauded by delegates when he said: "We have heard little from Mr. Maudling and I openly urge him to play a more prominent and noticeable role in matters of foreign policy. If he does not wish to do it, there is the alternative of resignation."

In their circular, the Young Conservatives stated: [If] they go for a remake of [The In]visible Man, a strong co[ntender] for the part must be R[eginald] Maudling.

"His seeming reluctan[ce to] declare a personal UDI fr[om the] Government's view of the [...] has left the Tory party [without] a coherent foreign policy."

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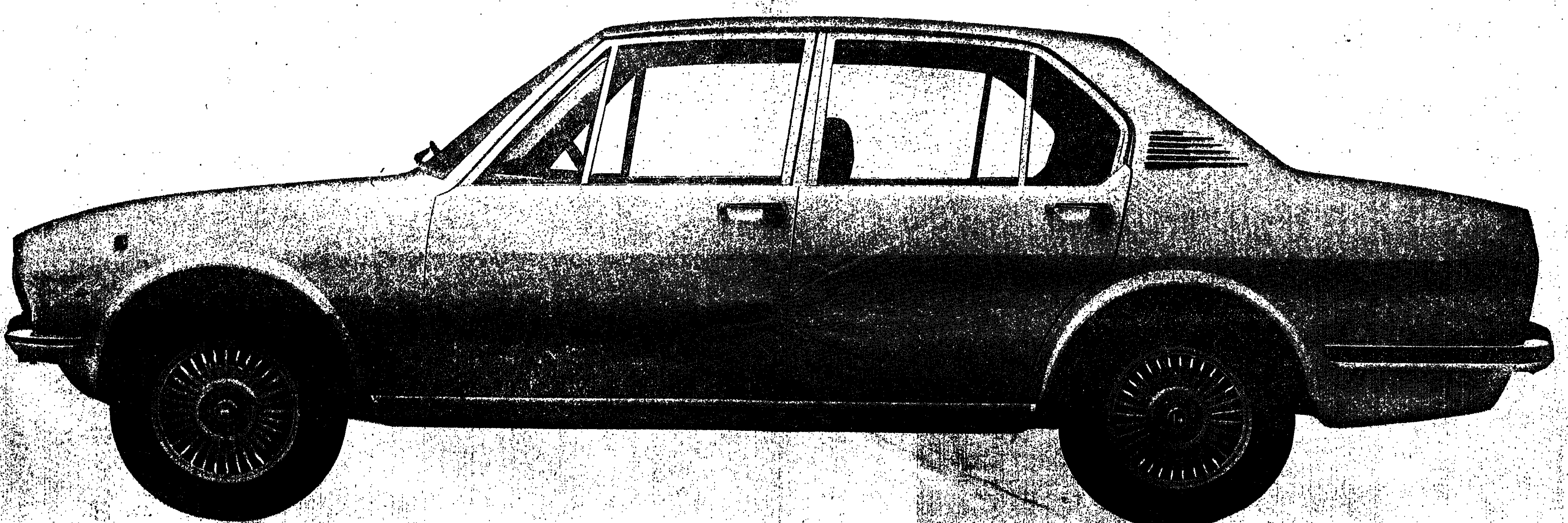


HOME NEWS

Heathrow moves to ease rush at peak hours

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE BRITISH Airports Authority hopes to reach agreement soon with more than 50 airlines serving Heathrow Airport on a reduction of peak-hour traffic.

The aim is to try to shift some of this traffic into the quieter periods of the day to ease congestion in the buildings and the road system while continued engineering work hinders the airport's smooth operation.

Work on the new underground link and associated work, together with the refurbishing of parts of the main terminals, will continue next summer. The authority will try to spread the load out of peak periods.

Significant

It has been discussing with the airlines for some weeks the possibility of reducing the number of passengers per hour moving through the various terminals.

The most significant proposal is a reduction from 3,000 to 2,700 passengers per hour in arrivals at Terminal Three—the long-haul terminal, which is the most congested.

For Terminal One, the British Airways short-haul international and domestic terminal, few changes are proposed.

For Terminal Two, used by short-haul foreign airlines, some minor reductions are suggested—broadly meaning a cut from 1,300 passengers an hour to just over 1,000, both inbound and outbound.

The aim is to ensure that airport facilities do not become totally overstretched and incapable of coping, especially in the Terminal Three, where several Jumbo jets can disgorge up to 1,000 passengers or more in less than 30 minutes.

The passenger congestion spills out of the terminal buildings into car parks, access roads, taxi-ranks, long-term parking and other facilities, causing delays, irritation and complaints.

While the authority would like to see more airlines channelling flights through Gatwick, it recognises that for many operators Heathrow is important.

Nevertheless, it feels that if the airlines can spread their load, everyone will benefit.

The talks are now believed to be at the point where the airlines feel they can translate the authority's wishes into practical schedules, but there is still a good deal of work to be done.

● NEWS ANALYSIS — GAS TURBINES

A birthday bonus

BY RAY PERMAN

JOHN BROWN Engineering can be forgiven for manipulating the timing of its latest announcement of export orders to coincide with the 10th anniversary of the company's gas turbine subsidiary. It added zest to the celebrations, and excuses for parties are too rare on the Clyde these days to be ignored.

The new batch of orders brings John Brown's total since the financial year began in April to £88m. Contracts for China, Algeria and Saudi Arabia follow hard on the heels of the big orders from Russia and Abu Dhabi.

The picture now is very different to 1975-76, when the order book fell disappointingly to £12m. after running at an average of between £25m. and £30m. in the preceding years.

Mr. William Connell, managing director of JBE Gas Turbines, puts last year's poor performance down to the conservative pricing policy the company felt compelled to adopt at the beginning of 1975.

Inflation

Faced with the problem of ensuring that fixed-price contracts, which could take 15 months from order to delivery, remained profitable, the company decided to allow for inflation at "2 per cent. plus" a month, and very nearly priced itself out of the market.

"Looking back you could say it was pitched too conservatively and to that extent it was a mistake. On the other hand it was a responsible thing to do—we had to protect our interests," he said.

It was not until last November that the company realised the full effect of its policy. By the new year inflation was falling, the success of voluntary wage restraint was showing and the fall in sterling was bringing unexpected bonuses from exports.

The company felt confident enough to resume an aggressive sales drive and to go ahead with a £2.4m. modernisation programme which had been shelved for 12 months. Work started in August.

John Brown Engineering is a success story that goes against the recent history of the Clyde.

The present company was until 10 years ago the marine engine subsidiary of John Brown's Shipyard which, via the ill-fated Upper Clyde Shipbuilders, is now transformed into the Marathon Yard building drilling rigs.

In 1966 when the future of marine engine building began to look bleak, it turned back to gas turbines in an effort to take up some of the slack.

The company had built its first turbine in 1947, under licence from Escher Wyss of Zurich, but abandoned the project in 1960, having neither overcome the operating difficulties, nor recouped its £1.5m. development costs.

When it resumed turbine construction six years later, it was as an associate of General Electric of New York, which took all of its initial output for the U.S. market.

"The natural temptation," Mr. Connell said, "was to tailor our production to General Electric's requirements. But we did not. We went out for orders of our own—prime contracts."

Tipped

The U.S. company gave Mr. Connell the tip that led to the first prime contract for Thailand in 1967. Other orders followed for the Middle East, the West Indies and elsewhere.

After five years the company realised that it was almost wholly in the turbine business: marine engineering had collapsed altogether. Growth after that time had to be planned more slowly so that an adequate sales and back-up force could be built up.

The market dictated that it must export. The Central Electricity Generating Board was wedded to the idea of lighter turbines, a demand already being satisfied by GEC and Rolls-Royce. Other U.K. requirements, even with the expansion of the North Sea oil industry, could not support the company.

Thus in the past 10 years, 90 per cent. of the £200m. production of the Clydebank yard has been exported, to 32 countries. Only 15 per cent. has been under sub-contract to General Electric.

Ryman is cleared of all poll expenses charges

MR. JOHN RYMAN, the Labour MP for Blyth, was cleared yesterday of all charges against him in the election expenses trial at Newcastle Crown Court.

His agent in the 1974 election at Blyth, Mr. Peter Mortakis, aged 52, was found guilty by a 10-2 verdict of making a false declaration contrary to the Representation of the People Act and guilty by an 11-1 verdict of making a false declaration contrary to the Perjury Act.

After hearing that Mr. Mortakis had been suffering from a nervous complaint at the time of the events, and was still suffering from it, Mr. Justice Caufield imposed fines of £200 for each offence.

Mr. Ryman, aged 46, a London barrister who won the election by 78 votes, was found not guilty of conspiring to make a false return of election expenses.

He was also cleared of making a false declaration contrary to the Representation of the People Act and of making a false declaration contrary to the Perjury Act.

Mr. Mortakis, was found not guilty of conspiring to make a false return of election expenses.

He was given 18 months to pay and was told that in default he would go to prison for three months. His counsel, Mr. Wilfred Steer, QC, handed to the judge a doctor's note which certified that he had been under treatment since December, 1963.

Mr. Eddie Milne, the man beaten by Mr. Ryman in the election, said last night he wanted the Speaker of the House to look at the result of the case and in particular possible misdirections in a Transport House document dealing with election expenses.

Business failures down in last three months

BY DONALD MACLEAN

THE NUMBER of bad debtors and business failures fell in the three months to the end of September, according to Trade Indemnity, the credit insurance underwriters.

The total dropped to 490 compared with 598 in the previous three months and 661 in the first quarter.

The individual categories that make up the total—building and construction, textiles, engineering, and furniture and upholstery—broadly reflect this trend, as do the figures for all retail and wholesale distributors within these sectors.

This quarter's figure is also lower than that for the same three months of 1975, when the total was 540, but this year-on-year trend is not followed in all sectors.

In building and construction there was a fall to 120 from 137 in the third quarter of last year, although bad debtors in the builders' suppliers sub-section rose from two to 15.

Other sub-sections showed drops of from 84 to 70 for builders and contractors, from 15 to 12 for timber merchants and joinery manufacturers, from 15 to eight for property developers, from 11 to seven for sub-contractors and from seven to four for shopfitters.

In engineering the total was 56, down from 58 for the same period last year, but in textiles it rose from 72 to 76 and in furniture and upholstery from 51 to 61, although in both these cases the latest figure is lower than that for the previous three months.

The series of statistics was started in the last quarter of 1966 and refers to irrecoverable debts and business failures which involve the company's policy-holders.

Two UDS tailoring plants to close

By Rhys David, Textiles Correspondent

THE UDS store group, which operates the John Collier and Alexandre men's tailoring chains, is to close two of its North of England factories, with the loss of 600 jobs, because of a fall in demand for made-to-measure suits.

The closures come after prolonged periods of short-time working and will reduce the company's suit manufacturing capacity by around 15 per cent.

About 500 people, mostly women, will be affected at South Shields, with a further 100 losing their jobs at a Leeds cutting room.

Mr. Bernard Lyons, UDS chairman, said yesterday that sales of men's suits through the group's outlets had been 10 per cent. down on last year, with no indication at present that any upturn was on the way.

Along with other tailoring chains UDS has been hit by the prolonged warm weather this summer, which has depressed sales of men's suits, and by the decline in consumer spending power as a result of wage restrictions.

Higher costs

This is generally felt to have resulted in the public putting off major clothes purchasing decisions, with available income being used instead to meet higher costs of food, petrol, housing and other commodities.

At the same time, the big U.K. menswear retailers are adjusting to the steady drift away from made-to-measure suits to ready-made. Whereas suits used to represent until comparatively recently more than 50 per cent. of UDS sales, the proportion has now dropped to only around one-third.

Burton, the biggest U.K. menswear retailing chain, has seen its sales of made-to-measure drop from around 1m. units five years ago to less than 500,000 and is in the middle of a major promotional campaign aimed at updating the image of the made-to-measure suit.

Mr. Lyons said UDS was hoping the closures would bring productive capacity in line with demand for made-to-measure suits. The company's other factories in the North-East are not affected by the closures.

Motor parts makers striving to diversify

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

THE CLOSURE of a car assembly plant would not necessarily lead to the loss of an equal number of jobs in the supply industries, according to a major survey of component companies undertaken by the Department of Industry.

Most component companies are trying to reduce their dependence on the car industry, partly out of pessimism about the long-term future of the sector in this country. But they have achieved limited success, and spare capacity is sufficient to increase output by perhaps 20 per cent. with the existing labour force.

The survey, conducted in the spring and autumn of last year, is particularly relevant to the warning from Leyland Cars about the impact on employment in the Midlands if plans to manufacture the new Mini at Longbridge do not go ahead.

The study was carried out by the research section of the DoI office in the West Midlands. Mr. John Thompson, the regional director, emphasises in a foreword that the report does not purport to reflect the official view of the department. The research was intended to stimulate discussion.

The survey suggests that component companies are less dependent on the car industry than previous estimates indicated.

In June last year 99,000 people in the West Midlands were employed in car assembly, with some 103,000 component jobs directly dependent on that sector. The 203,000 total represented 9 per cent. of all employees and nearly 19 per cent. of those in manufacturing.

The report suggests that when car assembly plants have been threatened with closure the impact on component companies may have been misunderstood.

Taking the recent example of the threatened close down of Chrysler, the report points out that, at one extreme the whole of the company's output might have been replaced by imports made entirely from foreign components. At the other U.K. assemblers, using only British components might have picked up Chrysler's market.

The extent of spare capacity and over-manning identified by the survey has serious implications for the way employment in the West Midlands will respond to any recovery in economic activity.

Very large increases in output, possibly as high as 20 per cent. would be needed before there was any substantial recruitment of labour.

"It is unlikely that this increased level of production will be occasioned by the car production sector until the 1980s, by which time increased productivity may have further reduced the demand for labour."

The survey shows that even after the labour reductions of the previous two years, 48 per cent. of the firms were still overmanned. A similar proportion claimed to be about right.

"The interviewers' general impression was that these figures understate the extent of overmanning as some of those interviewed were reluctant to discuss this question, often because of its implications for managerial efficiency and industrial relations."

A number of companies regarded redundancies as too costly both in terms of money and industrial relations.

Deliveries by footwear industry are 5% lower

BY JAMES McDONALD

DELIVERIES from the depressed British footwear industry in the second quarter of this year are estimated by the Department of Trade to be 5 per cent. lower, on a seasonally adjusted patrage basis, than in the first three months of 1976.

Provisional figures show that actual deliveries in June, at 11.8m. pairs, were 1m. pairs below the level of June last year. The value of deliveries in June, however—stimulated by inflation—stood at £33.6m., compared with £26.5m. in June last year.

While net new orders during the second quarter were 5 per cent. lower than in the first quarter of this year, orders on hand at the end of June were 8 per cent. higher than at the end of March.

The index of output (1970=100) in the April-June period, at 95, was 5 per cent. lower than in the first quarter.

The Department said that in evaluating the index it should be borne in mind that when price increases were large, the various problems associated with constructing a constant price value series became more acute. As a result, the relative accuracy of the estimates had probably been reduced in recent years.

HOME NEWS

Fall in £ 'aids glass industry'

By Kenneth Gooding, Industrial Correspondent

[TH]E GLASS container industry [is] working "nearly flat out," [ac]cording to Mr. Vic Hender[son, ma]naging director of United [Gl]ass, one of the U.K.'s two [big]gest manufacturers.

This is a dramatic turnround, [as] in January the industry was [op]erating 20 per cent. below [cap]acity.

[E]ven now, because of the time [it] takes to bring back plant on [str]eam, there is, perhaps, 10 per [cen]t. of capacity out of action.

[T]he British glass container [ma]kers are expecting to produce [5 t]o 6 per cent. more this year [tha]n last year, when the market [fel]l by 10 per cent.

[N]ext year, they forecast, [gro]wth will return to its normal [pat]tern and be about 3 to 4 per [cen]t.

[I]n the long-term, Mr. Hender[son sai]d, the fall in the value of [ste]rling against other currencies [mu]st give glass an advantage [ove]r other packaging materials [bec]ause it contains no imported [raw] materials.

HIGH SPEED TRAIN HAS LIFT-OFF

Terry Kirk

General James McDivitt, the former Apollo astronaut and now President of Pullman Standard, the U.S. rolling stock builders, yesterday travelled to Cardiff on British Rail's new 125 mph high-speed train. Before the journey he sat at the controls in the cab at Paddington. British Rail hope his visit will lead to sales of the train to the U.S.

FINANCING COSTS MAY RISE £1m. A DAY

Savagery of credit moves takes industry by surprise

BY ADRIAN HAMILTON

[IN]DUSTRY yesterday reacted [wit]h a mixture of surprise, [ner]vousness and some resent[me]nt yesterday to the Govern[me]nt's decision to raise the mini[mu]m lending rate and call in [fur]ther special deposits from the [ban]ks.

[B]eset by the problems of cop[ing] with continual fluctuations in [the] value of the pound over [rec]ent weeks, much of industry [had] been waiting and wanting [th]e action by Government to [stiff]en the exchanges. There [hav]e been many companies, at [lea]st among the larger groups, [wh]ich expected an increase in [mi]nimum lending rate and a [sq]ueeze on credit as the natural [ste]p.

[B]ut few, if any, had anticipated [the] savagery and size of the [Gov]ernment's move. Taken by [sur]prise, companies seemed [gen]uinely uncertain as to whether [the]y were witnessing an act with [shor]t-term repercussions in their [fina]ncing costs but long-term [ben]efits in a stable pound or [an] act of short-term panic by the [Gov]ernment with limited bene[fit] on the foreign exchange but [lon]g-term damage to industry's [abil]ity to sustain an investment [rev]ival.

[I]t is this balance between the [Gov]ernment's desire to hold [dow]n inflation by monetary [mea]ns and its desire to see a [sus]tained investment revival by [ind]ustry based on a diversion of [res]ources from the service to the [ma]nufacturing sector which is [reall]y at issue.

[T]here can be little doubt that [the] impact of higher borrowing rates will be painful, and that, if the new rates last for any length of time, they will delay new investment if not abort it altogether.

Initial calculations suggest that the higher rates could add as much as £1m. a day to industry's financing costs.

While the impact of this varies widely from company to company depending on the ratio of overdraft borrowing to fixed interest and foreign loans, it must hit a wide range of companies in the property, construction and stock-holding fields.

Harsh blow

By raising mortgage and hire purchase costs, the move must also add a further harsh blow to industries such as construction and domestic appliance companies already hurt by the Government's general policy of squeezing domestic purchasing power.

The Government's hope, however, is that the move will not hurt manufacturing investment too badly since companies are usually influenced more by their general state of profitability than the cost of finance *per se*. If the move does help the pound and inflation, it argues, then high interest rates need not be that long-lasting.

There is undoubtedly some truth in this. Large companies at least seemed last night to take the view that, with a high proportion of their loans raised at fixed-interest rates or in foreign currencies, there was no need to reconsider existing expenditure—although any prolonged period of high rates in the U.K. would delay new investment.

It was by no means certain yesterday that this cautious response is shared throughout industry, particularly among the smaller or medium-sized companies, or that the Treasury's view on profitability as the major factor is shared by companies, large or small.

"When interest rates are 3 or 5 per cent.," said one large U.S. company, "a 2 per cent. rise doesn't make that much difference.

"But when interest rates are 15 to 17 per cent. and when rates are half or less than that in Europe or the U.S., then it makes all the difference in the world."

Nor is the timing quite as favourable as the Treasury was arguing yesterday. Certainly profits have shown a substantial increase this year and the fall in the value of the pound has helped exports.

Recent indicators have shown that corporate liquidity has not risen as much as had been hoped. Commodity and raw material prices are rising, partly because of the fall in the pound, and companies are already showing signs of caution on investment in the interests of maintaining adequate working capital.

A combination of higher interest charges and, more important, a possible restraint in bank lending because of the further special deposits could have a serious impact on their mood.

"Even without the latest moves," one engineering company said, "most of our investment projects were looking distinctly marginal in view of the higher interest charges in this country and the slow-down in world demand. If rates go up even higher, then the projects are out of court."

Confidence factor

This confidence factor may in the end be the most important of all. Over the last year and more, the Prime Minister, the Chancellor of the Exchequer and other Ministers have constantly reassured industry that the manufacturing sector would get priority and that everything would be done to prevent its needs being squeezed by excessive public expenditure or a monetary squeeze.

If the latest credit moves turn out to be one part of a general package to ensure the stability of Government policy, then industry may reluctantly accept it.

But if, as some believe, it is a sign that the Government has lost its hold on the situation and that the latest squeeze merely betrays its unwillingness to take action on public expenditure and indirect taxation to reduce its borrowing requirement, industry may find it hard to hold the faith necessary for investment.

Without that investment it is difficult to see how the Government's "industrial strategy" can survive.

[N]ew warehouse [c]osts £0.75m.

[HU]LL WILL have the first new [bui]lded ships stores to be opened [in] Britain in 30 years on comple[tio]n of the £750,000 warehouse and [offic]es being built for Hutton and [...] (ships chandlers), which is [par]t of Fitch Lovell.

[T]he premises—a storage area [of] ...,000 square feet on two floors—[a]re four times bigger than the [for]mer store in Mytongate, Hull, [whi]ch has been the company's [hea]dquarters since 1958. Annual [tur]nover was then £85,000. This [yea]r it will near £8m., of which [...] will be exports and overseas[...]s.

Kodak instant-film appeal may be heard next month

FINANCIAL TIMES REPORTER

KODAK'S appeal against a High Court ban on its manufacturing, selling or supplying instant cameras and instant print film in the U.K. is likely to be heard next month.

The company and its parent, Eastman Kodak, disclosed yesterday that they had given notice of appeal against the High Court grant in August of an interlocutory injuction to Polaroid barring the companies from the instant camera and film market till the full hearing of Polaroid's case against them over alleged patent infringements.

The injunction was granted in response to Polaroid's assertion that Kodak's new instant camera systems, the EK4 and the EK6, infringed Polaroid patents in Britain.

The new Kodak cameras compete with Polaroid's SX-70 system. The case is one of the first to come to a head of several Polaroid and Kodak patent suits being brought in various countries.

When the injunction was granted Kodak announced its intention to appeal. But this could not be done till the reasons for the High Court decision were known.

The detailed judgment was given on Monday. In making the injunction order the court allowed Kodak to supply *bona fide* overseas visitors to the U.K with instant print film and replacement cameras under the terms of the warranty.

BANK RETURN

—	Wednesday Oct. 6 1976	Inc. (+) or Dec. (—) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	23,390,287	+ 2,296,366
Special Deposits	1,390,240,006	+ 173,760,000
Bankers	314,780,702	— 76,832,446
Reserves & Other Accts	531,714,665	— 11,896,014
	2,274,733,654	+ 86,925,896
ASSETS		
Govt. Securities	1,912,444,840	+ 168,340,000
Advances & Other Accts	274,140,605	— 70,138,308
Premises, Equip't & other Secs	84,554,542	+ 202,802
Notes	3,351,985	— 10,633,220
Coin	261,682	+ 59,616
	2,274,733,654	+ 88,925,896
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	6,650,000,000	— 25,000,000
In Circulation	6,646,648,015	+ 35,558,220
In Bank'g Dept	3,351,985	— 10,633,220
ASSETS		
Govt. Debts	11,015,100	—
Other Govt. Secs	6,032,468,169	+ 170,310
Other Securities	600,516,731	+ 24,729,690
	6,650,000,000	+ 25,000,000

LABOUR NEWS

TGWU decides to resign from building council

BY ROY ROGERS, LABOUR CORRESPONDENT

THE FUTURE of national bargaining in the building industry has been placed in jeopardy by a Transport and General Workers' Union decision yesterday to withdraw from the machinery because of domination by the Union of Construction, Allied Trades and Technicians.

TGWU delegates carried out their threat to withdraw from the National Joint Council for the Construction Industry, which sets minimum pay and conditions for about 800,000 construction workers.

The reasoning behind this decision, culmination of a long inter-union wrangle over representation on the joint council was explained by Mr. George Henderson, national secretary of the TGWU building section.

He said the previous machinery was "dismantled" and that "arrangements are now made through the employers and UCATT regional secretaries excluding all other signatory unions."

Mr. Henderson spoke of clear evidence of collusion between some employers and UCATT to the detriment of the TGWU.

The TGWU intends to use the union's "full resources" to seek individual agreements with companies, but it remains to be seen whether they fare any better than the joint councils which is expected to continue.

During the present pay policy all building employers will be obliged to keep within the £2.50 to £4-a-week limits anyway. Even when restrictions are lifted the National Federation of Building Trades Employers can be expected to put great pressure on its 14,000 members not to concede anything above joint council agreements.

Last night the NFBTE "regretted" the TGWU decision. Mr. George Smith, UCATT general secretary, said he had been willing to discuss the TGWU's grievances if they could produce evidence. None had been forthcoming.

Representation on the union side of the joint council is seven UCATT, three TGWU and one each from the General and Municipal Workers' Union and the Furniture, Timber and Allied Trades Union. UCATT provides both the secretary and chairman.

In the civil engineering side of the industry the rules are reversed, with the TGWU and GMWU dominating the other unions, including UCATT.

Relationships between UCATT, which claim about 286,000 members, and the TGWU have been strained in recent years. This has intensified of late. The TGWU has decided to take a much more aggressive role in the building industry, where it claims about 300,000 members. This includes workers in the materials sector and drivers who deliver to building sites.

The drivers could prove a mighty weapon if the TGWU decided on industrial action to win individual agreements from employers.

Firemen, electrical workers settle

By Christian Tyler, Labour Staff

PAY SETTLEMENTS within the incomes policy guidelines were reached yesterday for about 50,000 employees in the electrical contracting industry in England and Wales, and 40,000 firemen.

The agreements came while there was anxiety on both sides of the joint industry Board over policy-busting accords.

They saw such local deals at large construction sites for the steel, oil and chemical industries putting pressure on the electricians' national agreement.

The employers, represented by the Electrical Contractors Association, fear that militants will use the "bogus bonus" payments to create unrest among those bound by the national rates.

Mr. Frank Chapple, general secretary of the Electrical and Plumbing Trades Union, is likewise concerned at the growing pay gap between his members and those not governed by national deals.

Yesterday, the joint industry Board emphasised that the deal, which takes effect at the beginning of January, was fully in keeping with TUC wage guidelines.

Minimum

From January, the standard minimum weekly earnings of the "approved" electrician will be £55.38.

This consists of a basic rate of £46.70, the £6 earnings supplement of last January, and another 5 per cent. under the present stage, with a £2.50 minimum and £4 maximum.

The joint Board has had to shelve an agreement for about 26 per cent. rises negotiated last July but later overtaken by the £6 policy.

The firemen's pay settlement gives rises of between £2.50 and £4, in line with the pay policy, from November 7.

It will cost a total of £6m., which is about £4m. less than last year's settlement.

Further talks are to be held on the pay claim and working conditions of Belfast firemen.

Non-TUC workers protest to Beswick

By Our Labour Staff

LORD BESWICK, chairman of the Organising Committee for British Aerospace, was met by demonstrators yesterday when he visited the Hawker Siddeley Dynamics factory at Hatfield, Herts.

White-collar staff who do not belong to TUC-affiliated unions complain that they will be unable to represent their interests to management when the aircraft industry is nationalised.

Demonstrators protested that Lord Beswick was not prepared to meet representatives of the non-TUC Hawker Siddeley staff association, which claims to represent up to 40 per cent. of the 3,000 workers at Hatfield and is recognised by the present management.

Lord Beswick, after stopping to speak to demonstrators, agreed to meet Mr. Dennis Hurley, the association's chairman, on an individual basis.

A substantial proportion of employees in the aircraft industry belong to either non-TUC staff associations or no organisation at all, and their representation will be an early issue for the new Board after nationalisation.

Lord Beswick and his colleagues will come under heavy pressure from the TUC and the Confederation of Shipbuilding and Engineering Unions to recognise only TUC affiliates.

The TUC unions, in addition to doubting the true independence of many staff associations say that there are already sufficient established unions in the aircraft industry to cater for the needs of all employees.

Engineering leaders support fight for maximum rise

BY ALAN PIKE, LABOUR STAFF

ENGINEERING union leaders said yesterday they would support action by their members if employers did not agree to pay automatically the maximum increases permitted under stage two of the pay policy.

The Confederation of Shipbuilding and Engineering Unions has been seeking assurances from the Engineering Employers Federation that it will instruct its member companies to pay the maximum as a matter of course. This would be £4 for most engineering workers.

The federation has declined, saying the amount of increase between the policy's minimum £2.50 and maximum £4 is an issue for negotiation at local level.

Mr Jack Service, general secretary of the confederation, said after an executive meeting in York yesterday: "We are very annoyed over this evasive reply."

The confederation has already decided that because of the complexities of the engineering industry's two-tier wage structure there can be no separate national agreement in the coming year. Employers are being asked to add the increase to pay packets at local level.

Mr. Service said that the Confederation would ask executives of affiliated unions to write to the Engineering Employers Federation asking it to instruct members to pay the maximum.

If the employers did not comply the confederation would "support any action the members might take to obtain the 5 per cent."

There is also likely to be a dispute with the engineering employers over union demands for an assurance that pay policy increases will be consolidated into basic rates as soon as legislation permits.

● Yesterday's confederation executive meeting decided to set up a special sub-committee under Mr. Len Edmondson, its president, to consider ways of preventing a further reduction of work in the generator manufacturing industry.

Safety estimate challenged

BY DAVID CHURCHILL, LABOUR STAFF

PUBLIC SERVICE unions yesterday strongly challenged the cost estimates put forward by local authority chiefs as the reason for not implementing new health and safety legislation.

The local authority associations have calculated that the cost of introducing safety committees in some 35,000 schools and 55,000 other council establishments would be about £80m., irrespective of any changes necessary to comply with standards laid down in the Health and Safety at Work Act.

They say with the Government urging local authorities to curtail spending it would be impossible to implement the Act because of its cost.

But the TUC local government committee told the local authorities at a meeting held yesterday under the auspices of the Department of Environment and the Treasury that their costs were "not realistic."

The union representatives made it clear they considered the local authorities were taking the extreme case of the largest possible number of safety committees which could be set up and basing their costs on these hypothetical numbers.

Privately the unions are concerned that local government employees are being squeezed in political manoeuvring by the authorities, who are seeking to put pressure on the Government over its attempt to cut council spending.

They are determined to adopt a hard line and insist that the safety legislation is implemented, whatever the cost. They feel public sector employees should not suffer poorer working conditions than private sector workers.

But they did agree yesterday to look again at the manpower implications of the new safety legislation.

Safety committees, which are not yet law, would require one representative from each union for each establishment. The unions agree this could result in unwieldy committees in multi-union situations.

The two sides will discuss the position again in a few weeks, with the involvement of Government departments.

Out-patient sessions threatened

ABOUT 5,000 hospital consultants are threatening to handle emergencies only to-day in protest at the suspension of a consultant psychiatrist.

Their action is likely to lead to cancellation and disruption of out-patient sessions. The action could be intensified next week if the protest fails to resolve the dispute.

The suspended consultant is Dr. Terence Lawlor of the Normansfield Hospital, Middlesex. He was suspended five months ago after alleging some mentally handicapped patients had been ill-treated.

Police talks

Fresh talks are to be held to-day between leaders of 100,000 policemen, who are seeking a pay rise of £6 under the last pay policy instead of the p... one, and Mr. Merlyn Rees, Home Secretary. They result from a meeting in London last week at which policemen called for the right to strike in support of their claim.

Dustbin dispute

About 150 council workers employed by Canterbury District Council were on strike yesterday over changes in a revised bonus scheme, which the National Union of Public Employees says will reduce the earnings of refuse collectors by £10 a week and cause a loss of jobs.

Cuts campaign

The Royal College of Nursing has launched a campaign to collect evidence on the effect of cuts in the National Health Service. It is seeking an early meeting with Government Ministers to discuss the situation.

No compromise

More than 1,400 miners on strike at a Nottinghamshire Colliery in protest at an alleged assault on a miner by a pit deputy, decided yesterday to continue their three-day strike, rejecting a compromise settlement put forward by union officials.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● CIVIL ENGINEERING

Experimental man-made island

INSTALLED recently in Christchurch Bay off Britain's south coast is a structure which could provide the pattern for the next generation of oil production platforms, industrial islands and similar man-made ocean sites.

A total departure from present structures in steel or concrete, it relies on the stability of a mass of sand contained within retainer walls of immensely strong, reinforced synthetic rubber to sustain the working decks.

Originators of the concept, which was subsequently patented, were Golder Associates, consulting geotechnical engineers, who are located at Maidenhead. A great deal of the model evaluation and testing was carried out by a group at King's College, London, under Professor R. E. Gibson, a principal of Golder Associates.

This work proved the viability of the concept and also derived important information on the way in which various types of sand would behave inside the envelope.

Most important, the latter information permitted the work to go ahead on a full-scale sand island in which the submerged structure is formed by pumping water-borne sand fill inside a pre-formed impervious membrane while extracting water from the sand as it settles into place through one or more drains.

Anyone who remembers his sand-castle days or who has recently derived an immense amount of pleasure from building them for/with his children, will know how important sand texture is and how easy it is to form and pour thoroughly wet sand.

The drains prevent build-up of pore-water pressure and the hydrostatic pressure of the surrounding water on the rubber wall compacts the sand and improves shear strength.

At any depth below the water, the lateral pressure exerted by the sand, when it has been drained, is about half that of the confining hydrostatic pressure. This means that the sand behind the membrane will be extremely stable provided it remains drained and it will support significantly more than its own weight.

Wave forces, and even earthquake forces will have little effect on the structure because of the ability of the sand to absorb impact and its great inertia.

The island now formed in Christchurch Bay is in 12 metres of water and has an overall height of 18 metres with a two-deck personnel unit containing generators, fuel tanks and instrumentation as well as navigation aids. Piezometers measure the performance of the dewatering equipment, strain gauges attached to the skin and load cells in contact with the sea bed measure the applied load. Inclinometers will measure lateral motion due to wave loading.

One major component of the sand isle is, of course, its skin.

Described by Dunlop as the largest and heaviest rubber fabrication so far produced anywhere, it weighs 4.9 metric tonnes and takes some 1,000 square metres of a special fabric construction of high specification nylon coated on both sides with abrasion-resistant polychloroprene rubber. About 5 mm thick, the material has a nominal breaking strength of 750 lb per inch width.

Thirty tailored panels formed the sides and a circular piece the base and the company's Skelmersdale plant put the unit together in only six weeks.

Joining of the panels is critical and has been carried out by a method developed for large fenders and Dracone barges. It involves buffing both panels, cold-bonding and double nylon stitching followed by the application on both sides of an uncured strip finally vulcanised to the seam. This gives a joint at least as strong as the material itself.

Westminster Dredging supplied marine services and controlled filling while Sykes Construction Services carried out design installation and operation of pumping equipment and dewatering wells for the prototype. Camper and Nicholsons built the deck unit.

Perhaps the most significant point in this story is the fact that the sand isle—"Sandisle Ann"—was set up in only 48 hours and although it is only a prototype, it is nevertheless a large structure in its own right.

Sandisle Structures is to continue with the development of the ideas embodied in this important project and, while it is early days to make cost comparisons, groups with pressing needs for large-scale offshore structures will have a great deal of new homework to carry out over the next several months. Golder Associates, 5 Fourlease Road, Berks. Maidenhead 37345.

Sandisle Structures' prototype steel and rubber island before it was taken to its site in Christchurch Bay. The 30 feet high Dunlop rubber wall beneath the steel deck was filled with aggregate and sand when the island was positioned recently. Tests to determine possible roles for the island in offshore work are now being carried out.

● COMPUTING

Amdahl in Germany

ANTICIPATED for many months, the all-out attack on IBM's large machine base in Europe by Amdahl has quietly begun, although the U.S.-based organisation is still in the process of setting up its European subsidiary.

Powerfully aided by Fujitsu, Japan's biggest computer company, Amdahl is understood to be on the point of placing one of its big 470 V/6 computers with the German space organisation DFVLR of Munich for almost immediate delivery.

The 470 in America has been displacing large IBM installations in the 370 Series—158s and 168s—on the strength of its ability to run IBM programs at considerably higher speeds than the latter while costing less. In fact, the 470 has been set up at some 20 sites.

But Amdahl machines cannot be divorced from IBM peripherals or plug-compatible devices, or from IBM software. The situation is made even more complex as a result of a series of cross-licensing agreements concluded between Amdahl Corporation and IBM in recent weeks. At the same time, it must be remembered that Gene Amdahl was largely responsible for the design of the IBM 360 machines which put the company firmly on the path to market dominance once a few billion dollar software stumbling blocks had been overcome.

Amdahl activities in the U.S. have been dismissed by some observers as "pinpricks," but IBM has not sold all that many 168s to be able to shrug off the loss of several important sites. Meanwhile, U.S. analysts commenting on the company after it went public recently say Amdahl should instal around 150 machines in Europe and the U.S. by 1980.

Put simply what Amdahl has done has been to take the most advanced electronic circuits available and translate them into equipment which is a close parallel to existing IBM architecture, but operates faster.

What this means for the future of computer technology, when many are predicting the demise of the big machine and its replacement by networks of small ones, is difficult to say. But vast as IBM's investment in 360 and 370 has been, the total is outstripped by far when spending by IBM users on software to fit those machines is considered.

This "software mountain" has immense inertia, as IBM has found out to its own cost.

● POLLUTION

Compliance can save expense

THE CONTROL of Pollution Act (1974) and the Health and Safety at Work Act (1976) have generated new problems for works managers, but the solving of these problems can provide significant financial savings.

General requirements of the Acts cover heat, light, sound, air purity and waste discharges, and also the physical requirements for a safe working environment. They apply to environments inside and around industrial premises, giving neighbours the protection from environmental pollution emitted from the plant.

Experience has shown that many of the environmental problems can be solved simultaneously. For example, the duplicate use of acoustic absorption materials, located to provide thermal insulation, will show financial savings due to reduced space-heating requirements and will also alleviate summertime overheating caused by solar transmission through the building fabric. Hence, requirements in both Acts are satisfied and money is saved at the same time.

The control of industrial processes which release odours or pollutants has previously been attempted by ventilation. However, to-day's more costly fuel has necessitated reconsideration of ventilation systems because of the valuable heat which is simultaneously discarded. Heat recovery or alternative means of control, such as deodorisation or material recovery, and recycling, can produce significant savings due to reduced space heating requirements.

Recently, research has provided more detailed information on the physical requirements for working environments which can be incorporated into any remedial works. For example, absorption of particular noises which cause fatigue, break concentration and aggravate personal relationships, has an influence on efficiency. This saves money while complying with the Acts.

These are some examples of the ways in which the cost of compliance with the Acts described above can be reduced. Adams Green and Partners has made a detailed study of the problems and advised several major companies such as IBM (U.K.) and Black and Decker on how to cope with them. Further from the firm at Link House, Elmfield, Millbrook Road, Southampton. 0703 22602.

● INSTRUMENTS

Permanent record of power

EASIER monitoring and control of electricity costs becomes possible with the M 2104 recording wattmeter put on the market by Channel Electronics, Seaford, Sussex BN25 3JE (0323 894961).

It is based on a solid-state transducer having a DC output proportional to AC power consumption. Pressure-sensitive chart paper is used giving a permanent rectilinear trace of overal consumption with time. Standard chart speed is one inch per hour but others can be supplied: interchange is by simple slip-in gearboxes.

In conjunction with the appropriate current transformers, devices to deal with up to 1,600 kW can be provided, in single and three phase versions, three or four wires, balanced or unbalanced loads.

A *thumbwheel on the front* panel allows precise setting of chart time lines and an access window is provided. The instrument measures 144 x 96 x 130 mm. and weighs 1.6 kgs.

● MATERIALS

Seals for aggressive gases

FOR USE in conditions where there is a high sulphur trioxide content and the operating temperature may fall below the acid dew point, Scandura has developed a duct-work fabric compensating seal.

Basically the seal material consists of an alkali-lime glass cloth (with added boron to resist chemical attack), coated with a chemically resistant fluoroelastomer, and with a PTFE film bonded to one side.

Maximum continuous operating temperature under normal conditions is 260 deg. C. but by using insulated seals higher temperatures can be reached.

The maker (a BBA Group company) of Cleckheaton, Yorks (0274 875711), says that the seal fabric, designated FG(1, has high tensile and burst strengths and will withstand the pressures usually encountered in power station ducting and similar applications.

● ASSEMBLY

Runs screws silently

PNEUMATIC power tool design has taken a pace forward with the clutchless air driven screwdriver range by the BroomWade power tools division of CompAir.

A patented pressure differential control arrangement eliminates the high noise of operation and wear of complex mechanical clutch mechanisms.

Two fully reversible pistol grip versions are available for operation at 900 and 1,200 rev/min. respectively. Robust and with fewer mechanical parts to weaken or wear, they provide reliable operation and high repeatability under an[...] operating conditions.

Suitable for use in the [...] working and allied indu[...] where the emphasis is on [...] operation with the minimu[...] tool supervision and mainten[...]

By using the patented a[...] able pressure control valv[...] torque setting is infinitely [...] able within the limits of [...] screwdriver. For the unit [...] at 900 rev/min. the torq[...] approximately 10 to 40 lbf i[...] at 6 bar (85 psi.g.), the s[...] version has an approximate [...] of 8 to 28 lbf inches.

CompAir Industrial, P.O. [...] High Wycombe, Bucks, [...] 5SF. 0494 21181.

● AGRICULTURE

Drives and extracts fence posts

AGRICULTURAL fence [...] can be driven or extracte[...] double-acting hammer de[...] by the Vibro Power See[...] the National Engi[...] Laboratory (NEL).

By changing the setting [...] hand valves on the body [...] unit it will hammer post [...] out. The unit is self-co[...] and can be mounted on a[...] vehicle where a [...] hydraulic supply is avail[...] the prototype the [...] clamped by a convention[...] but in more advance[...] where continuous post ex[...] is required a hydrauli[...] may be fitted.

Typical operating freq[...] five blows/second, and [...] requires oil at 1500 psi, [...] min. Engineers at NEL [...] the unit proves a desi[...] ciple which can be ap[...] any size of pile driver to [...] rapid driving or extract[...] a larger version could [...] with sheet piles.

Manufacturers are now [...] to market this or larg[...] under licence from NE[...] Kilbride, Glasgow, G7 [...] (03552 20222)

● TRANSPORT

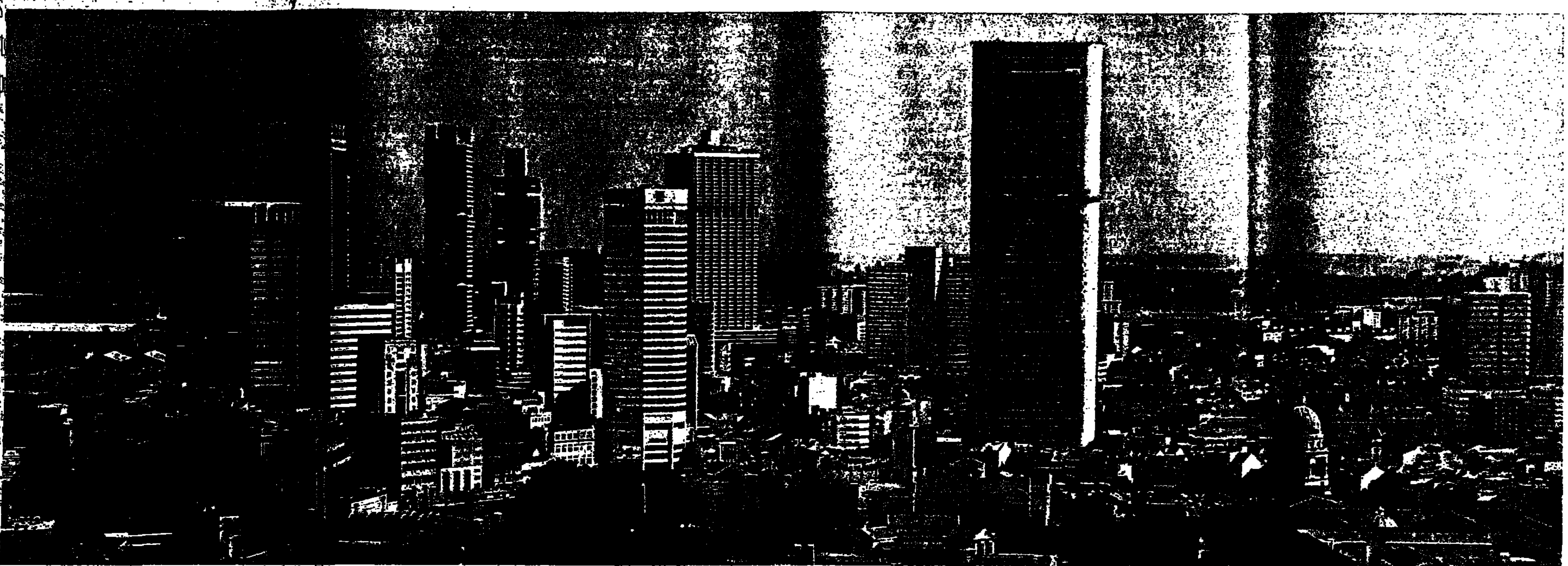
Calibratio[n] of diesel fuel pum[p]

MERLIN Internationa[l] [...] neers) which specialis[e] [...] design and manufactu[re] [...] equipment for diesel f[...] tion systems says it [...] pleted field trials of a [...] injection pump c[...] machine, the Hydra M[...]

Among the first orde[rs] from Rolls-Royce Moto[r] Division, for a 30 hp [...] will be used mainly [...] further development [...] duction of the CV [...] diesel engines at the [...] Shrewsbury works.

FINANCIAL TIMES SURVEY

Singapore



Singapore is built on uncommon enterprise
So is Sime Darby!

arby knows as much as anyone about doing for the world in Southeast Asia — and more ost about doing business with the world from st Asia.

should. After all, it's been our business for han 65 years.

r most of those years, Singapore has been one ey centres for Sime Darby's continued growth tribution to the region.

ime Darby on the skyline. External cladding being fixed on he OCBC Centre, which dominates the Singapore Skyline — ee top picture.

re is diversity — and so is Sime Darby

rist brochures brand Singapore "Instant Asia". much more. Singapore can't be dismissed as as the tourist tag suggests — although the vith which it has been transformed into a financial, industrial, transport, shipbuilding hnological centre in the 11 years of its dence will, in the passage of time, rightfully the "instant" tag.

re is diversity — in its people and cultures, its cial developments, its industrial emphasis. s diversity is reflected in the Sime Dary activities as one of the major business tions in the Republic.

l Strength and trading expertise

rby's diversity in Singapore has developed in n directions — our long-established expertise ety of trading activities and our newer and ing technical strength.

Our trading activities — ranging from liquor and food products, through household appliances, building products, technical instruments and navigational equipment to tractors and heavy equipment are as well known as some of our partners and principals. Names like British Paints, Cadbury, Caterpillar, Dewars, Electrolux, Ford, Remy Martin, W.F. Stanley, Westinghouse.

But in recent years we have built on this expertise, and our long-established Singapore capacity and reputation, in more technical activities, especially in the engineering field.

Taking our part in a changing skyline

The tourist brochures talk about "clean and green" Singapore. Sime Darby plays its part in maintaining this environment by supplying a range of Ford tractors and implements for development and maintenance of Singapore's green swards. And the Caterpillar equipment that we distribute and service has become an important element in many projects that have been part of the changing face of Singapore.

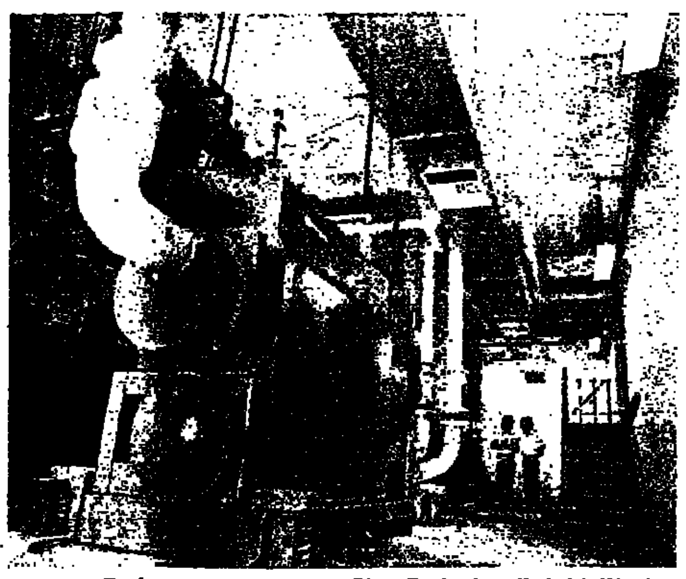
• Top-class products for a discerning market. Food and beverages are an important element of our trading activities.

But our involvement doesn't end on the ground. Sime Darby is closely involved in many aspects of the construction boom that has — and is — changing the Singapore skyline. From siteworks and piling, through scaffolding and supplying and fixing external wall claddings specifically designed for tropical conditions, Sime Darby has been a part of some of the biggest building projects in Singapore. And the Richier tower cranes that we distribute are prominent among those that mount the tallest new office and housing complexes.

Our involvement doesn't end with the completed shell. Through other Sime Darby companies we go inside the near-completed buildings. We have a strong engineering contracting organisation that specialises in mechanical and electrical contracting and refrigeration and air-conditioning. And we also supply and fit a wide range of floor coverings, partitions and internal wall claddings that contribute markedly to some of the magnificent new buildings for which Singapore is noted.

Singapore is manufacturing — and so is Sime Darby

Singapore has grown dramatically as a manufacturing centre under the dynamic leadership of bodies like the Economic Development Board and the Jurong Town Corporation. Sime Darby will continue to grow in this field and build on our present manufacturing activities, which range from metal fabrication for roofing, scaffolding and heavy equipment through to high-precision engineering.



• Environment engineering. Sime Darby installed this Westinghouse air-conditioning plant at the Singapore Polytechnic.

Shipping and offshore search capability

Singapore's position as a leading world port and major regional centre for the offshore oil search industry has created opportunities which Sime Darby has met. With VTG and Hansa, of Germany, and the Development Bank of Singapore, we are partners in a major offshore supply and service operation.

Sime Darby is active in ship chartering and has built enviable logistics strengths in this area. We also represent a number of important shipping lines.

And through our Caterpillar dealership we have taken a lead in the supply and service of vital generators and propulsion engines for offshore installations and vessels working in the offshore search industry.

• Technical retailing. The new Motion Smith Showroom in Singapore.

And that's not all

Sime Darby has long recognised the potential of Singapore; its regional importance, its infrastructure and communications capability, its sound and capable workforce, the technical and financial acumen of its management and the strength and vision of its administration. These factors have led Singapore to the forefront of regional financial developments. They have also led Sime Darby into other diverse activities — food processing, export and commodity trading, insurance broking, for instance — further examples of our diversity and participation in a major regional centre.

So talk to Sime Darby — about anything worthwhile

Our long experience of the Singapore and regional markets, our logistics strength, our know-how in a variety of commercial, industrial, engineering, trading, manufacturing and service fields make Sime Darby worth talking to. On any sort of project. And if your project doesn't quite fit our profile, talk to us anyway. We're not afraid of a little more diversity.

Sime Darby

The Sime Darby Group

MALAYSIA · SINGAPORE · HONGKONG · UNITED KINGDOM · EUROPE · INDONESIA · THAILAND · INDIA · AUSTRALASIA

SINGAPORE II

A small island state apparently devoted to capitalism, Singapore has so far survived the turmoil that has prevailed in other parts of South-East Asia—but it has taken the iron hand of the Prime Minister, Mr. Lee Kuan Yew, to keep it that way.

Where East meets West

"DISCIPLINE" has long been a key watchword of Mr. Lee Kuan Yew's Singapore. The Prime Minister's view is that his tiny island republic cannot afford many mistakes if it is to maintain its independence in its vulnerable position at the centre of one of the world's most turbulent areas. His socialist philosophy involves strong Government and firm control over the nation's political, economic and social development. Cambridge educated, he *does not* believe that it is necessarily appropriate to try to impose Western-style democracy lock, stock and barrel on a part of the world that has never known it.

While the island is in many respects a haven of capitalism, the authorities play a big role in planning and financing its economic development reflecting Mr. Lee's belief that capitalist techniques should be used to provide wealth for socialism to distribute. The trade unions work hand-in-glove with the Government, and strikes are rare. Opposition parties are allowed to operate, though they have failed to win a single Parliamentary seat in the last two elections, and dissent is tolerated provided it is in no way tinged with Communism. But newspapers have to be careful in their political *reporting, and there are strict* rules of social behaviour.

The visitor is quickly made aware of some of these rules. He is welcome, an official tourist brochure tells him, provided he respects the laws and general social climate prevailing in the country. There follows a series of warnings: anyone who drops so much as a sweetpaper in the street or smokes in Government offices can be fined up to the equivalent of £125; there are stern penalties for drug-taking and unofficial gambling, even if it only involves a private card game; hair should be cut if it reaches below the top of the shirt collar and "long-haired persons will be served last at all Government departments and offices."

All this should not be taken light-heartedly. It has made Singapore remarkably clean and law-abiding. But more importantly it represents Mr. Lee's firm belief that decadent societies render themselves ripe for Communist takeover. With Communist insurgency on the increase in neighbouring Malaysia and Thailand following the fall of South Vietnam, Laos and Cambodia, Mr. Lee does not plan to take any risks. Although he accepts that each country is different, he has recently indicated that he still believes there is a lot of truth in the "domino theory," which he says the Americans only publicly abandoned because they wanted to get out of Vietnam.

Rivalry

By its geographic position alone, Singapore is in any case bound to be at the centre of super-power rivalry. The U.S. may have abandoned the South-East Asian mainland, but it is *not going to withdraw from* the West Pacific. The Soviet Union is stepping up its presence in Singapore, with a vast Embassy, frequent calls by merchant ships and lavish commercial activity by the Moscow Narodny Bank. China may currently be preoccupied with internal problems, but it will obviously not want to see Moscow establish too strong a foothold.

Against this background, Mr. Lee's Government has concluded that the best strategy is to keep as many big powers in play as possible—his Ministers have publicly stated that they would rather have *three major* powers operating in the area than only one. Mr. Lee has frequently told the U.S. that its economic resources are essential for the region's development and political stability, while at the same time conducting a *delicately balanced* rapprochement with China—from whom he has extracted an important undertaking that it is up to the Singapore Government to decide how it deals with its own Communists.

Mr. Lee has been to Peking and wants to step up mutual trade, but he has also said that Singapore will be the last country in the region to recognise Peking diplomatically. To the irritation of Peking, he continues, at least for the time being, to send troops to Taiwan for training—troops that could well be sent to help the Malaysian Government if it fails to contain the Communist threat.

His stance has made him something of a lone figure in international politics. His tough internal policies have provoked strong protests from Western liberals and human rights organisations, while the more militant of the Third World countries regard him as too subservient to the West. His isolation was compounded *in June this year* when the Dutch and British Labour Parties engineered the withdrawal of his People's Action Party (PAP) from Socialist International.

The PAP withdrew after the two European parties refused to drop charges of maltreatment of political detainees held without trial in Singapore's gaols. Earlier in the year a report by Amnesty International had printed allegations of torture of detainees and accused the Government of imprisoning men and women without trial "for the non-violent expression of their political or other conscientiously held beliefs." (It is only fair to add that the alleged tortures were probably little *worse than the practices for* which the U.K. has just been condemned in Northern Ireland.)

Mr. Lee was clearly deeply upset by the attitude of the Dutch Socialist Party, which initiated the action in Socialist International, and Mr. Devan Nair, Secretary-General of the National Trades Union Congress (NTUC) was delegated to conduct a vigorous, if unsuccessful, defence of PAP's record. His main themes, as expounded at *the NTUC's April Conference* in Singapore were that Western "ultra liberals" totally failed to understand the difficulties of *developing* countries, that not a single non-communist political leader had been detained without trial and that the Western democracies were digging their own graves by encouraging Communism in the Third World.

"We need only observe," he said, "for the benefit of these ultra-liberal elements in Western Europe, that they seem to be blissfully unaware on which side their own bread is buttered, for if totalitarianism à la Hanoi took over in our part of the world, it remains merely a matter for conjecture as to how long they will be able to liberalise away at other people's expense, before they find themselves on the wrong side of the Iron Curtain, and *with their liberal traps shut for ever!*"

Advancement

Mr. Lee has also found himself obliged to lecture audiences in the developing world in recent months. He sent a firm message to the Colombo non-aligned summit in August, pointing out that the only hope of economic advancement for most developing nations was by working with and on the West. Some *countries might opt for* a different route, and while he respected their choice, he hoped they would respect his. He continued with a bitter attack on Laos for submitting an amendment to the conference containing a veiled call for Marxist revolution in South-East Asian countries such as Singapore that were not "genuinely independent."

If Mr. Lee looks to the West, it is because he has concluded, almost certainly correctly, that the money to develop his country is not going to come from anywhere else. He is sometimes criticised in Singapore for excessive materialism, and even for Anglicising his society too far by encouraging *excessive use of the English* language and Anglo-Saxon business habits. But his drive for economic advancement is not just for its own sake. Mr. Lee sincerely believes that it is only by increasing prosperity in the non-Communist South East Asian countries that the red tide can ultimately be held at bay.

It is largely this view that lies behind his endeavours to breathe more life into the Association of South East Asian *Nations, a five-nation regional* economic grouping composed of Singapore, the Philippines, Malaysia, Indonesia and Thai*land which* has made little concrete progress since its inception in 1967. The Communist successes in Indo-China at last seem to have imbued other ASEAN leaders with something of the same spirit.

Although none of them are *as keen to press ahead as Singa*pore, which originally wanted a quick move to a full-scale common market, a degree of new political will to make progress emerged from the ASEAN summit in Bali in February this year. The test of that deter*mination will come when the* five countries attempt to translate the Bali agreement into concrete terms, in particular the decision to share out five ASEAN sponsored industrial projects between them, together with accompanying tariff preferences.

The new Communist regim[e] to the North are not happy w[ith] ASEAN, which they have [de]scribed as a U.S.-backed [mili]tary grouping dedicated [to] aggression, rather than [a] "zone of neutrality" it aspir[es] to be. Mr. Lee replies that th[e] ASEAN countries would b[e] willing to get rid of the U.S. bases if the Communists would guarantee neutrality. So far Malaysia seems to be succeeding in containing its Communist insurgents and Vietnam is concentrating on reconstruction. But few people in Singapore would care to predict whether or not Hanoi will return to expansionism once it has rebuilt its shattered country.

Mr. Lee certainly feels that the present Malaysian Government is not taking a tough enough anti-Communist line. But as long as Malaysia holds, the main concern in Singapore is as much economic as political. The one development the Government admits could lead to a major upsurge of domestic opposition would be a long world recession that severely damaged the island's prosperity.

Meanwhile, Mr. Lee is keeping up his exhortations to the Singa*pore people to work hard and* take nothing for granted. Observing that native Singaporeans are increasingly leaving hard manual work to immigrants, he has started a campaign with the slogan "Use your hands." *Last month* he took impatient Singaporeans to task for expecting to be fully trained in new industrial skills far too fast. Some Singaporeans privately confess that they object to being so constantly harangued by their leader, but they still turn out in vast numbers to vote for him.

Reginald Dale

Hesitant recovery

WITH NO RAW materials and only a limited home market, the Singapore economy is one of the most vulnerable in the world to developments beyond its borders. So it came as little surprise that the island republic suffered fairly severely, at least by its own standards, from the combined effects of the oil crisis and world recession. In Singapore's case the effects were compounded by the virtually simultaneous fall of South Vietnam, Laos and Cambodia to the Communists, removing at a stroke its important oil export market.

Accustomed to growth rates of between 10 per cent. and 12 per cent. in the boom years of *the late 1960s and early 1970s.* Singapore saw its economy nosedive to zero growth in the first half of 1975, recovering to only 4.1 per cent. for the year as a whole after the beginnings of an upturn in the second half. With the recovery now further established it looks as if the Government's prediction of 6 per cent. to 8 per cent. growth this year will be achieved. Certainly the economy was on course in the first six months, with a 7.2 per cent. increase in GDP in real terms.

Improvement

Trade and manufacturing, both severely hit by the recession, are moving forward again, with trade increasing at an annual rate of 15 per cent. in the first six months, and the industrial production index up by just over 14 per cent. Both fell by over 11 per cent. in the same period last year.

With an increase in consumer prices of under 3 per cent. in 1975, the Government was largely able to spend its way out of the worst of the recession, mainly through a massive housing construction programme. Credit controls imposed in 1974 were removed, followed by a progressively expansionary policy.

By August this year, Prime Minister Lee Kuan Yew was able to announce "good prospects" for the country's economy in 1976-77, pointing to a pick-up in foreign investment and a sharp increase in the number of new jobs created in the first six months of 1976. Many of the latest figures certainly paint an optimistic picture. In the first six months, tourism was up by 12 per cent. over the same period of 1975, construction was up 22.5 per cent. and exports up 24 per cent., against a rise of only just over 9 per cent. in imports, with Malaysia taking over from the U.S. as the country's largest trading partner. (Trade with the U.K. continued to decline in value.)

Meanwhile unemployment was running at just over 4 per cent., a rate which Government officials, if not the unions, find fairly satisfactory, and the consumer price index, with a drop of 1.4 per cent. in the first six months, sliding downwards. This was mainly due to declining food prices, following bumper harvests in the region.

But the picture is far from perfect. Although total manufacturing investments in the first half of the year, at S$187m., were sharply up on the second six months of *1975, they were still 32 per cent.* below the first half of last year. Mr. Ngiam Tong Dow, Chairman of the Economic Development Board, is hopeful that last year's level of S$400m. will be attained again this year, as well as in 1977 and 1978. But it is still a far cry from the massive figures of past years—nearly S$1bn. in 1973, for instance.

And as the Prime Minister pointed out in August, the investments that are coming in are for small and medium-sized projects. Mr. Ngiam welcomes small projects, employing perhaps 200 to 300 people, on the grounds that they are easy to absorb and likely to be skill-intensive. But he would still like the bigger investments too. The Prime Minister said big *projects were being held up* partly because of excess manufacturing capacity in the U.S., Japan and Western Europe, and partly because investors wanted to assess the stability of non-Communist South-East Asia after last year's Communist takeovers in *Indo-China*.

There can be little doubt that fear of Communist expansion is one factor underlying current hesitation by foreign investors—although Singaporeans tend to complain that foreign investors, particularly in the U.S., often do not even know how to find the island on a map.

Another factor at work could be rising labour costs, which are now generally higher than in competing areas like Taiwan and Hong Kong—though not very much higher if productivity is taken into account. But land costs are much lower than in Hong Kong, and Singapore has a virtual free port (meaning cheap raw materials), a highly educated population, stable *internal* politics, and good communications and financial facilities. The EDB claims that when multinationals already located in South-East Asia decide to expand, in two out

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SINGAPORE III

Political pressures

DENTS HAVE hung a er on the gates of the apore Polytechnic pro- ing: "We don't believe in ssions. We demand an trial."

a reference is to recent c confessions by arrested nts, and others, often tele- at peak viewing hours, they have indulged in sub- e Communist activities now accept the error of ways.

e full number of political nees in Singapore is not n. Earlier this year, sty International put the at "at least 40," but there been more detentions— releases—since then. A c confession, and prefer- a recantation, is usually gh to secure a conditional n to liberty under surveill- The students' demand n open trial is unlikely to eded.

e students' red white and banner is one of the few signs of opposition to the werful ruling People's n Party (PAP) led by the e Minister, Mr. Lee Kuan Elections are due to be soon—the best guess is time between November early next year—and no- doubts that the PAP will) back with an overwhelm- najority. The main out- ing question is simply the of the majority. One local ientator has compared the coming poll to a Gaullist endum in the heyday of eneral.

e PAP has a remarkable l of electoral success. At last election in 1972 it ed all 65 parliamentary with 70 per cent. of the In 1968 it won all 58 with 87 per cent. (only seats were contested). es like these perhaps in- bly raise questions in some e's minds as to whether results are rigged. But is absolutely no evidence this is the case—nor, d, is it clear that there l be any need for the PAP so.

more relevance perhaps is British-inherited first-past- ost voting system, which ime helped to ensure that pposition failed to win a seat, despite securing r cent. of the total votes. so, it was a close-run fight me constituencies.

embers of Mr. Lee's Cabinet tain that they would like ee a stronger opposition, if to prevent complacency in Government and the Civil ice. It might also help to ter Western accusations Singapore is a "one-party "—an allegation that the bitterly resents. The 's line is that it can hardly be reasonably considered the Government's job to organise an opposition to itself if no one else is capable of doing so. The regime's critics would argue, however, that the ever-present threat of political detention is hardly conducive to opposition activities.

In the run-up to the election, the Government will be campaigning first and foremost on its record in office throughout the 11 years of the nation's independence. In his eve of national day message in August, the Prime Minister pointed out that average dollar incomes had increased more than threefold since 1965, more than doubling workers' purchasing power in real terms. Over the same period a welfare state had been introduced which was unique in South-East Asia, and the education system, despite some criticism that it is being manipulated by the Government for political ends, has produced exceptionally high standards of literacy and numeracy.

Housing

In another August speech, Mr. Lee announced a housing programme for the coming five years which should provide 70 per cent. of the population with modern accommodation by 1980. By 1985, the figure would rise to 80 per cent., he promised.

The speech read like an election address, winding up with a plea not to take past achievements for granted and a reminder that Singapore was by far the cleanest city in the region. "Your garbage is collected every day, including Sundays and public holidays," the Prime Minister stressed.

But there are plenty of signs that the Government is not going to allow itself to become over-confident as the election approaches. Local political analysts point out that as early as January the Government modified a highly unpopular decision to increase road taxes and car registration fees following strong public protests.

Since then there have been three reductions in the price of rice due to releases from Government stockpiles, and the mainly food-based consumer price index actually fell by 1.4 per cent. in the first six months of the year. Unemployment benefits were raised by 40 per cent. in March and a higher than expected wage increase of 7 per cent. was recommended by the tripartite National Wages Council in June.

Certainly there are potential sources of opposition to the PAP, particularly among the poorest members of the population, and also in some sections of the middle class, who would like to see a less rigidly disciplined society. But the Chinese tradition is one of respect for authority and PAP politicians maintain that one of the characteristics of the average Singaporean is not to worry too much about politics as long as he has a good job and the economy is expanding. This it has now started to do again after a brief interlude of zero growth in the first half of the year. Certainly, the main opposition party, the Workers' Party, looks unlikely to be able to mount a major attack on the Government's economic policies.

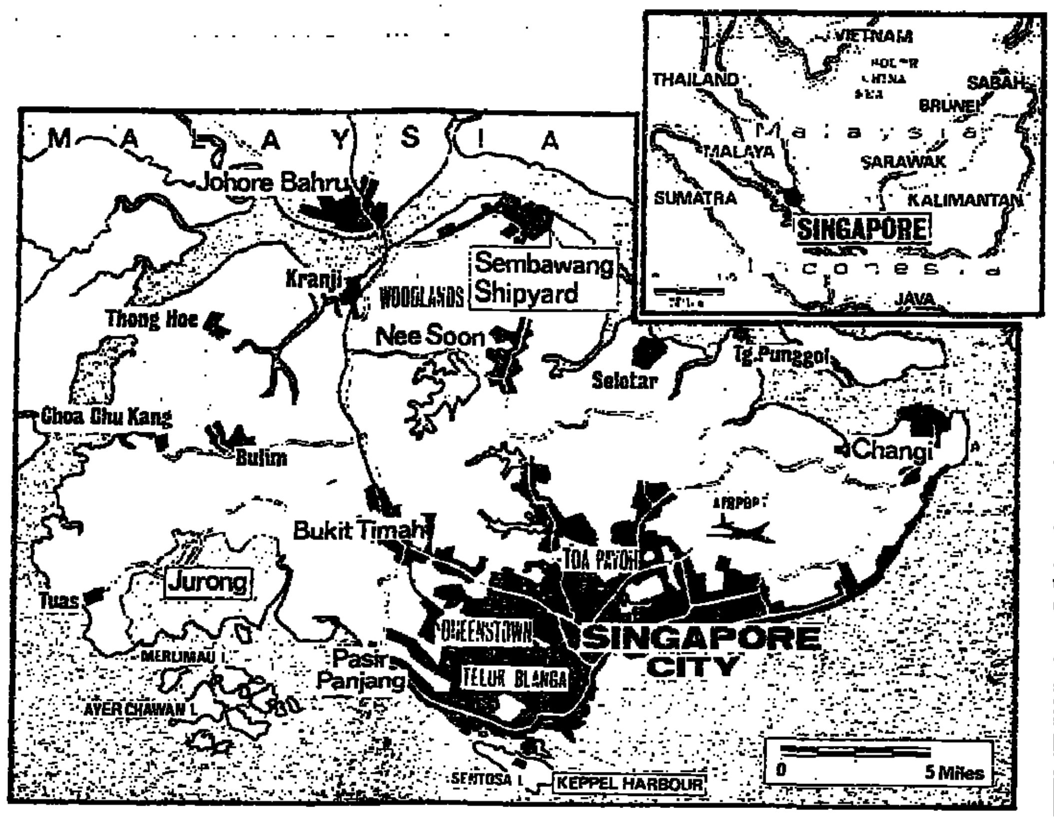
In the absence of clearly defined economic issues, the opposition may mount a more political campaign, challenging the Government on political detention and the generally regimented character of Singapore society. The Workers' Party has already put forward a programme entitled "Towards a Caring Society," in which it promises to be more human and less authoritarian than the PAP. But many of its sophisticated proposals for constitutional reform are probably above the head of the average voter. Nor is it clear how much feeling the opposition will be able to whip up over political detainees, outside student and intellectual circles.

The timing of detainees' public confessions appears to have been carefully stage-managed by the Government to get its message across both inside the Republic and to the world at large. Externally, the aim is to prove that there is a real Communist threat and that the detentions are accordingly justified.

Internally, the aim is both to demonstrate the continuing need for PAP Government to *contain the Communists and to* bring home the penalties for anyone tempted to flirt with them. There is some cynicism in Singapore about how true the confessions really are, but foreign diplomats believe they are fairly genuine, even if sometimes slightly embellished. They also believe that the confessions probably have their desired effect on the population as a whole.

The Prime Minister spelled out his policy on the Communist threat in his August speech. "We've got to keep this thing down and there is no other way because once you allow them freedom of movement, once they have built up a United Front, then it's very messy trying to keep it under control," he said. "It's far better we keep them in check."

Reginald Dale



BASIC STATISTICS

Area (square miles)	226	Trade (1975)	
Population (1975)	2.25m.	Imports	S$19.3bn.
GNP (1975)	S$13.4bn.	Exports	S$12.8bn.
Per Capita (1975)	S$5.969	Imports from U.K.	S$157m.
Currency £1=S$4.10875		Exports to U.K.	S$64.6m.

Recovery

CONTINUED FROM PREVIOUS PAGE

of three cases they choose Singapore.

But the fact remains that there is also still a great deal of excess capacity in Singapore itself, particularly in the industries most severely hit by the events of the past two years, oil refining, the shipyards and the service industries for oil prospecting. These, the island's past major growth industries are now the greatest economic black spots.

A major blow has been the cutback in oil operations in Indonesian and Malaysian waters following disagreements between the oil companies and the two Governments and changes in U.S. taxation policy. The Singapore Government admits that it was caught slightly unawares as it had expected the oil price explosion to lead to more, not less, exploration in neighbouring waters. Now 20-odd rigs are mothballed in Singapore and there is little hope of new orders —except perhaps from China— when current work is completed towards the end of the year.

The shipyards have suffered heavily from the world glut of tankers and cargo vessels, and repair work fell sharply during the recession. Last month they suffered a further blow when it became known that Indonesia had decreed that repair work on its own ships should be carried out in Indonesian yards, also desperately in need of new business. The Indonesian initiative followed a big setback to Singapore's exports earlier this year when Jakarta suddenly decided to clamp down on the vast quantity of illicit trade between Singapore and Indonesia.

Accurate figures for this trade are almost impossible to come by, as the Singapore Government likes to play down its existence. Much of it is conducted on the basis of falsified invoices. But unofficial estimates run to several billion U.S. dollars. Reports here suggest that business has begun to pick up again somewhat since July, but many of Singapore's smaller exporters geared to the Indonesian market have been severely hit.

Diversification

The answer to the economy's troubles is widely seen as diversification away from the problem sectors. In any case the Government wants to move away from more traditional fields like wood and textiles into electronics and precision and mechanical engineering. One major new venture at least should be the construction of a diesel engine plant which Singapore has landed in the recently agreed share-out of industrial projects between the five member countries of the Association of South-East Asian Nations. (Indonesia and Malaysia will be going for urea, Thailand soda ash and the Philippines phosphate fertilisers.)

But Singapore has failed to secure ASEAN backing for its planned big Sumitomo petrochemicals project. The ASEAN schemes provide for 60 per cent. participation by the host country in each project and 10 per cent. each by the other members, who then grant the necessary tariff preferences for the product to be marketed.

None of this, however, is going to solve the problems of the shipyards and the oil equipment industry, and some people in Singapore are sceptical of the Government's confidence that the yards, for example, can easily diversify into new forms of ship construction or even engineering. World competition is intense and markets few and far between.

Even in Government circles it is accepted that the high growth rates of the past may now be over. Officials say they would still like to see 10 to 12 per cent. annual growth, pointing out that Japan managed to maintain exceptional rates of growth at a far later stage in its industrial development process. But times have changed, and Mr. Ngiam Tong Dow for one accepts it philosophically. Perhaps a lower growth rate of 6 to 8 per cent. would be better after all, he says, if the economy is to avoid bottlenecks and escape the enormous congestion problems that have arisen in the Middle East. There is in any case no getting over the plain fact that Singapore's growth depends almost entirely on the economic health not only of its ASEAN partners but also of the U.S., Japan and Western Europe.

R.D.

Demand for loans picks up

BAD AS IT was, the recent world recession left no ugly scars in Singapore's financial system. It escaped with only minor bruises.

The basic framework—commercial banks, merchant banks, discount houses, broking houses and other institutions making up the money and capital markets—remains intact. In fact, those financial institutions which are playing a wider regional role, are reaping the fruits of economic recovery in Singapore and the Asian region.

Commercial banks see a pick-up in loan demand as the Singapore economy bounces back to health. For the first half of this year, the economy grew by 7.2 per cent. against zero growth during the previous corresponding half. Prospects are becoming rosier for merchant banks, which went through a period of lean pickings in the corporate finance business during the economic slump. Revival of stock market activity and the re-appearance of Asian dollar bond issues and consortium loans have aided recovery here.

The Government too, has taken a hand and is consolidating existing infra-structure and taking further steps to enhance Singapore's role as a financial centre. It has announced two major measures so far this year.

The first was a package of tax concessions to boost the Asian dollar market which has since shot past the $US15bn. mark. Under this package, fees and commissions received by Asian Currency Units (ACU) for advising and refinancing off-shore letters of credit will be taxed at a reduced rate of 10 per cent. And non-resident deposits with ACU, approved Asian dollar bonds and Government tax-free bonds held by non-residents are exempted from Singapore estate duty.

The second measure relaxed exchange controls, including removal of restrictions on the inflow and outflow of some currencies, Singapore dollars among them. It also raised the ceiling for investments in specified currencies and securities from S$100,000 to S$250,000 for individuals and from S$3m. to S$5m. for corporations and scrapped exchange control formalities for remittance to countries outside the Scheduled Territories, including exchange control forms for transactions below S$50,000. Scheduled Territories are countries coming under the former Sterling Area definition. It allowed extension of the Scheduled Territories list to cover Indonesia, Philippines and Thailand. The second measure meant that all five nations of the Association of South East Asian Nations (ASEAN) are now included in the list, permitting freer flow of funds between them.

Proposals

While the respective ASEAN governments are working hand in glove, commercial banks of the five countries are busy cementing closer ties. The first ASEAN Bankers Conference was held in Singapore in August, and led to the formation of the ASEAN Bankers Council with Singapore in the chair. And proposals for closer banking co-operation — which some bankers hope may lead to an ASEAN capital and money market system—were put forward and are being carefully studied.

Another suggestion was the establishment of an ASEAN Clearing Union which would use Special Drawing Rights or other currencies for settlements. Other proposals included establishment of information and training centres, financing investment, trade expansion and agriculture-based industries. Delegates at the conference tactfully avoided publicly acknowledging which country would be the financial hub of ASEAN.

Backed by its financial expertise and relatively sophisticated money and capital markets, Singapore is already the pace-setter for the Asian dollar market. Should ASEAN nations work out a scheme of financial partnership, it is logical to assume that this tiny island-republic will play a pivotal role in ASEAN finance.

Thanks to the success of the Asian dollar market, the list of banks in Singapore now reads like a roll-call of world banking. There are about 72 commercial banks with branches in the republic. All but 13 are foreign, including many of the major names in international finance. In addition to banks with strong Far East connections like Chartered Bank and Hongkong and Shanghai Banking Corporation, Britain's Big Four—Barclays, National Westminster, Lloyds and Midland—have already established roots in Singapore. Under the stimulus of razor-sharp competition from the growing number of foreign banks, local banks are strengthening and diversifying their activities.

Domestic banks still control the local deposit base since the Monetary Authority of Singapore (MAS) places tight restrictions on the freedom of foreign banks to tap deposits.

Last year, interest rates, which used to be fixed by the Association of Banks under a cartel system, were freed, paving the way for more competitive banking. This brought local interest rates more in line with international rates. This development, together with the obvious gap in foreign exchange and money market know-how between local and foreign banks, forced the home banks to upgrade their expertise.

Another development last year—with far-reaching implications for the money, discount and secondary markets—was the issue of negotiable certificates of deposit in Singapore dollars.

Merchant

The entry of Wardley of Hong Kong brought the number of merchant banks in the republic to 22. Most of them are joint ventures between local partners and foreign interests from Britain, Japan, Europe and United States.

Merchant banks made their debut in Singapore only six years ago. Their principal activities are underwriting and flotation of stocks and bond issues, investment portfolio management, advice on mergers and takeovers, loan syndication and leasing. With the improvement in the Singapore stock market, merchant banks are looking forward to more rights issues and new quotations to keep themselves busy.

After a slow expansion last year, the Singapore-based Asian dollar market increased its tempo this year—largely due to an increase in loan demand generated by world economic recovery. At end-1975, the total assets and liabilities of the market stood at $US12.6bn., up only 22 per cent. from the previous year compared to the 65 per cent. jump in 1974. But by the end of July this year, the market had swelled to $US15.3bn., up 39.8 per cent. from July last year.

The Asian dollar bond market also shows clear-cut signs of resurgence. The bond market started to revive in July last year after stagnating for 1½ years because of re[...] and high interest rates.

Inter-bank transactions [...] prising inter-bank bor[...] from Europe, United Sta[...] Asia continue to domina[...] Asian dollar market. Bu[...] significant to note that [...] portion of non-bank trans[...] to total transactions ros[...] 21 per cent. in 1973 to [...] cent. in 1975. The bulk [...] dollar non-bank deposits [...] from the Asian-Pacific [...] particularly from corp[...] and rich individuals.

Similarly, the bulk [...] dollar loans to non-ban[...] mers are channelled to [...] region. These loans are [...] siphoned to the manu[...] sector and financial ins[...] other than banks. Abou[...] cent. of the market's [...] are denominated in U.S. [...] The rest are in D-mark[...] francs, yen and others.

There are also [...] Middle East involvement [...] Asian dollar market [...] past two years, Arab [...] dollars" have meander[...] way into the short-term [...] market, and late last [...] Japanese company [...] (Cayman) floated a [...] Arab-Asian bond.

The pioneer of the A[...] lar market in 1968, Sing[...] currently the undisputed [...] But it faces growing com[...] from Hong Kong. Its [...] rival is likely to be [...] which is seriously plan[...] start an offshore banking [...] akin to Singapore's.

But top monetary [...] the island-republic are [...] least worried over this [...] to Singapore's suprema[...] emergence of more Asi[...] centres, their argume[...] will complement and [...] with the Singapore [...] rather than provide a [...] competition.

Soh Tiang

Shares beat a hasty retreat

ACCORDING TO Chinese mythology, the current lunar year of the dragon is an auspicious period for business activity and investments. Thus, when the share market began the year on a bullish note, the more superstitious market punters hailed it as an augury of things to come.

True to expectations, the market soared ahead with the full fire and fury of the dragon, carrying the Straits Times Industrial Index from its 236 mark on January 1 this year to a peak of 286 on the first trading day of the new lunar year on February 3.

But this euphoric mood was short-lived. The market began to beat a hasty retreat shortly afterwards and remained lethargic for six months or so. During this period the index rarely moved more than 10 points from the 250 level. Monthly turnover also fell from the year's high of 171m. units in February to a low for the year of 21.8m. units in July.

Even the Prime Minister's National Day disclosure of a 7 per cent. real growth in Singapore's GNP for the first half of the year and the forecast of an 8 per cent. growth for the full year did little to cheer sentiment. The market also had its share of bad news. The rise in communist activities in the area remained at the back of the minds of cautious investors while fears developed that the slowdown in Singapore-Indonesia trade caused by the tightening of import measures by the Indonesian authorities could retard Singapore's economic recovery.

On top of this, the equity market also had to contend with the increasing demand for fixed interest securities. The rising tempo of activity in the primary and secondary markets for Asian dollar bonds and Singapore Government securities may have diverted some attention from equities. One notable development is that there have been far more new listings of Asian bonds than new equity quotations. The five new Asian bonds issued this year tapped a total of $U.S.196m. and DM150m. from the Asian bond market. There is also a steadily growing secondary market which in turn has stimulated more interest in Asian bond trading.

Yields on Government securities are still relatively unattractive to most investors so they do not really compete with equities. But the fact remains that some S$1.1bn. has been raised by the Government so far to fund counter-recessionary public sector development projects and this could not have been done without pre-empting some institutional funds.

Like the Asian bond market, a secondary market has developed in Singapore Government securities — perhaps one of the most significant changes on the investment scene this year. Up until then there were hardly any transactions in Singapore Government securities through the stock exchange but now with the active support of the Monetary Authority of Singapore, there is increasing activity in government bond trading through the stock exchange.

Participants so far have been financial institutions but with further growth and improved marketability of government bonds, other institutions and individuals may be attracted to the market. Recently the Government has committed itself to the development of the fixed interest securities market for both Government and corporate papers as part of its aim to broaden the base of financial markets in the Republic. The number of local corporate bonds at present is relatively small and they are not as actively traded as equities.

Enthusiasm

Given the kind of fervour with which the Singapore Government pursues its policies, the next phase of development of the capital market in the Republic will see a rapid growth of the fixed interest sector—whether Government or corporate.

For the investor in equities, the year as a whole might not have seen much excitement except for the initial flutter, but looking ahead there are signs of an upturn in the share market. Observers are generally agreed that the worst is now over and the market is already reflecting this feeling with a slow but steady increase in prices and turnover. Even the death of China's Chairman Mao Tse Tung, much to everyone's surprise, failed to rock the market. On the contrary, it took an upward course instead of following Hong Kong's 21-point plunge on the day after the Chinese leader's death. Foremost among the plus factors is confidence in Singapore's ability to return to rapid economic growth and the strong upside potential of the overseas markets.

Another bullish point is the imminent re-listing of Haw Par shares following the settlement of its dispute with Slater Walker, the sale of its London Tin stake and publication of its 1975 annual report and this year's interim statement.

Haw Par, with an issued capital of S$106m. is still one of the largest corporations in Singapore and Malaysia and prior to its suspension in mid-1975 had always ranked among the top turnover stocks in the market. Its suspension [...] ing the abortive attempt [...] up with Malaysia's Sta[...] trading company, [...] removed some of the lu[...] the market in general. [...] Haw Par scrips com[...] into circulation aga[...] market may see new i[...]

As far as new issues [...] cerned, the stock ma[...] remained relatively q[...] year with only two new [...] One was a relatively sm[...] by a local hotel [...] Apollo Enterprises, wit[...] up capital of S$12m., [...] other by a leading [...] electronics company, [...] Manufacturing.

The most significant [...] two new issues was th[...] of Murata which helpe[...] Singapore Stock Exch[...] step nearer its quest fo[...] internationalisation of [...] equity market. The Mu[...] scored several firsts. It [...] first Tokyo stock exchan[...] company to secure a [...] in Singapore and its [...] depositary shares als[...] the introduction for [...] time of a new instru[...] Deposit Receipt of S[...] (DRS).

About 3m. deposit[...] at 50 yen par apie[...] offered at a price of S[...] share and on the firs[...] listing in Singapore, t[...] price shot up by m[...] 46 per cent. to close at [...] The successful launch o[...] DRS could herald the [...] more foreign companies [...] Singapore stock market [...] wider usage of DRS.

Another important [...] the Singapore Stock E[...] over the past year or [...] growing reputation as [...] watchdog of corpo[...] haviour. Its readiness [...] down on corporate misd[...] the zeal with which it [...] its own investigations [...] panies which migh[...] breached its rules is [...] to have created greate[...] company management a[...] The Stock Exchange's s[...] in exposing several c[...] sins so far this yea[...] highly of its investigati[...] ess.

But the strict enforce[...] rules which has transfor[...] Singapore market from [...] all to one of relative [...] control has, not surp[...] brought some complaint[...]

Some investors and [...] tors feel that the St[...] change and the authori[...] overdoing things and [...] dampened investment [...] But after the embarrass[...] Haw Par, Sime Darby, [...] and the Far Eastern Hot[...] can hardly blame the [...] Exchange and the Govt[...] for adopting an anti[...] tighter control.

Georg[...]

In[...]

[...]NT BANKING [...] FAR EAST [...]

Job outlook improves

...SERVERS WITH a knack ... lifting phrases from Shakes...ure have noted Singapore's ...gular ability to make sweet ...s of its adversities. In ... years of overcoming set...ks and economic difficulties ...loss of the Malaysian common ...rket, high unemployment, the ...tish military pullout and ...ent world recession—the ...state has developed a dis...tive identity and given to ... people a level of material ...l-being unmatched in the ...ion. But prosperity has not ...inished the tendency of the ...lership to warn of darker ... rougher times ahead. The ...sage to-day, as it has been ... the past decade, is familiar ... readers of Samuel Smiles: ...k hard, be self-reliant and ...iplined, expect the worst but ...e for the best.

...xpecting the worst as far as ...ployment creation is con...ned was the theme of a ...ech made earlier this year ... Mr. Devan Nair, secretary-...eral of the National Trades ...on Congress (NTUC). He ...l manpower planners had ...ecast that the economy may, ...h luck, create 40,000 new ...s in 1976 and 1977. But 84,000 ... jobs are necessary to take ...e of some 56,000 newcomers ... the job market, workers ...l-off in 1974 and 1975 and to ...er the unemployment rate ... 3 per cent. Sceptics have ...n quick to point out that a ...er cent. unemployment rate ... never been officially ...ieved in Singapore. (The ...est rate—4 per cent.—was ...orded in 1974, the same year ... which some 17,000 workers ...e retrenched.)

...evelopments in the last few ...ths have proved forecasts to ... a shade on the pessimistic ... By September this year, ... swiftly recovering manu...uring sector was hiring ...re workers than anticipated. ...ile the shipbuilding and ...roleum refining industries ... still in the doldrums, the ...urge of activity in the elec...nic and textile industries has ...erated a strong demand for ...our, particularly semi-...lled female workers. Many ...tronic and textile firms, ...ecially the smaller ones, have ...orted increasing difficulties ...meeting their labour require...nts.

...n the commerce and services ...ors employment has also ...n expanding rapidly. Last ...r, these sectors saved the ... accounting for most of the ...er cent. real growth in GDP ...l new jobs created. This year, ... rough estimate is that ...ween 15,000-20,000 new jobs ...l be generated by the non-...nufacturing sector—closer to ... higher figure if Indonesian ...de picks up: a billion dollars ... Singapore goods is reportedly ...ng held up in Indonesian ...ts. (The Monetary Authority ... Singapore has projected an ...er cent. real growth rate for ...gapore. Some sources say ...t the rate is likely to be ...er if the present difficulties of getting goods through Indonesian ports persist.)

In June 1975, the Singapore labour force (that is, all job-holders and job-seekers) was 873,000, with only an estimated 39,500 or 4.5 per cent. unemployed. The results of this year's annual labour force survey are not out yet. Early indications are that the unemployment rate has probably dipped a little: the number of registrants at the Employment Exchange has fallen from about 43,000 in mid-1975 to about 36,000 in mid-1976. In the same period active contributors to the Central Provident Fund (CPF), which now covers almost all employees, rose by 73,000.

Preference

If the aggregate employment picture is much brighter than forecast in early 1976, the work attitudes of young Singaporeans continue to be a source of official concern. Citizens prefer "soft" jobs—jobs in offices, hotels, shopping complexes—leaving the "hard" jobs in manufacturing, construction, even barbering, to foreign workers. To help change attitudes, the government has launched a "use your hands" campaign, urged employers to give "soft" jobs to females and called for a better deal for blue-collar workers. Some observers have suggested that the government should go one step further and initiate changes in the public sector wage structure in favour of manual workers. Such a step will have a strong favourable impact on job preferences which are rooted in the prevailing reward system.

The government has also become more concerned with the utilisation of manpower in the public sector. In March this year, the Finance Minister observed that the public sector had been "too lavish in their use of professionally and technically trained men." In recent years, the government and statutory boards have been hiring about 50 per cent. university graduates and 35 per cent. technical graduates trained in Singapore. The Finance Ministry felt this rate of intake was "excessively disproportionate" to the public sector contribution of 15 per cent. to the GDP. Accordingly a more selective public sector recruitment policy was put into effect. A Parliamentary Committee inquiring into the Government's policy on manpower was assured by Finance Ministry officials that the policy would "not seriously affect the employment market for graduates." The Committee also felt that adopting "a hard-and-fast mathematical formula" linking public sector recruitment to contribution to GDP would aggravate the staffing problems of "so-called non-productive departments."

Present impressions are that the job market for fresh graduates and newly-trained technicians has softened somewhat. Accountancy graduates, who only a year ago were in strong demand, are reported to be having difficulties finding jobs while the number of university graduates registering with the Employment Exchange, although still small in absolute terms, has also increased.

The push to-day is still for an expansion in industrial training and in professional university education. After all, for a city-state that lives by its wits, long-term manpower development is crucial to its goal of moving into the league of advanced industrial nations. The Finance Ministry has made some forecasts of manpower needed to meet a growth target of 10-13 per cent. for 1977-1980—an assumption which, the Parliament Estimates Committee has delicately suggested, "appears to be more on the high side." The average annual need in the next four years is for 3,000 graduates, 2,600 technicians and 7,300 skilled workers. How sensitive these forecasts are to different growth assumptions is not known. It is believed that the manpower forecasts are now being revised and the Finance Ministry has indicated it will be seeking the views of the private sector—a welcome development.

Besides the expansion of the Industrial Training Board, Ngee Ann Polytechnic and the two universities, the Government has also launched a variety of new training schemes in recent years. Tool and die and precision engineering workers are being trained in three joint Government-industry centres (Tata, Rollei and Phillips). Several hundreds have completed their in-centre training and are now undergoing their two-year in-plant training in high-technology, skill-intensive firms such as Pittler, Okamoto, Rollei, Tata, Sundstrand and Corona. The plan is to further expand these centres and also widen the range of skills being taught. So far the demand for these graduates has been strong. The Economic Development Board (EDB) anticipates no problem placing the 300 or so trainees who would be seeking in-plant attachments next year. EDB also gives training grants to companies with approved training schemes and sends trainees overseas for specialised training.

School-leavers

A new Junior Trainee Scheme to provide employment for premature school-leavers and increase the pool of local industrial workers has found great favour with employers. Nearly 700 firms have offered to absorb some 6,000 premature school-leavers, who will receive some form of training until they are 18 years of age. Employers clearly hope these young trainees will help to reduce the burden of paying ever-rising wages to long-term employees.

In the past few years, labour costs including fringe benefits have risen sharply. Hourly earnings of workers rose 20 per cent. in 1974 and a further 13 per cent. in 1975. Real wages have risen modestly since late 1974, after being eroded in 1973. Employers have complained about the high cost of fringe benefits which now account for as much as 40 per cent. of wages. And the Government is plainly worried about Singapore's continuing competitiveness vis-a-vis Hong Kong, Taiwan and other neighbouring countries.

The National Wages Council (NWC), a tripartite body set up in 1972 to ensure orderly wage developments, agreed, in July this year it recommended a 7 per cent. wage increase to be fully offset against the payment of annual increments in the total basic wage bill. Initially, many employers and unions were unclear on what constituted the total basic wage bill and how the NWC increases were to be computed. In late August, the Labour Ministry issued detailed guidelines for computing 1976 wage increases. Last year's NWC recommendations which benefited 428,000 workers in the public and private sectors was much simpler: a 6 per cent. wage increase with full offsetting of annual increments. The number of employees who will benefit from the 1976 guidelines remains to be seen. But employers can look forward to a more moderate rise in their wage bill in the next few years now that the principle of full-setting of annual increments has been accepted by NWC.

The yearly piling of NWC recommendations on top of salary scales has greatly complicated wage patterns. One call now is to gradually do away with salary scales. New investors are already being assured that they need not have salary scales for their employees. They need only adhere to the principle of "the rate for the job." The two major industrial unions—the Singapore Industrial Labour Organisation and the Pioneer Industries Employees Union—have endorsed this new policy.

On the industrial relations front, the scene continues to be quiet. In 1975 there were only seven strikes, all of them of short duration. Only 4,853 man-days were lost. The pattern in the first nine months of 1976 was similar: there were only a few minor strikes which were all swiftly settled.

Pang Eng Fong

Industry looks healthier

HAVING RIDDEN the waves of recession, Singapore's manufacturing sector appears to be heading for calmer waters. Prospects for 1976-77 are more hopeful now than a year ago.

So tied up is this sector with world markets that the general recovery in the West (and Japan) is helping the Singapore economy to pick up. Industrial production for the first half this year rose at a 14.2 per cent. annual growth rate and this in turn has caused the economy to chart a 7.2 per cent. annual rate for the same six-month period.

These figures testify to an impressive road to recovery. In the first half last year industrial production fell 11.1 per cent. while the Gross Domestic Product (GDP) showed a zero growth rate.

Other indicators are also improving. Total manufacturing investments — both local and foreign—in the first half of this year amounted to $187m. Compared with the first half last year, this figure shows a drop of some 30 per cent. but shows a 50 per cent. increase in the second half.

Foreign investment dropped sharply in the second half of 1975 but this year's recovery already puts the increase at about 83 per cent.

But behind these encouraging statistics lies a subtle shift in policies. The search for high-technology, skill-intensive manufacturing foreign investments has appeared to pay off in that the volume of output per worker is on the increase.

Integration

The economic planners are now more aware that foreign investors have to be wooed in a different way than a decade ago when Singapore first took off on an industrialisation programme.

First, there is the notion that the incentives for the foreign investor must be modified to suit the smaller project. Secondly, there is the belief that now is the time to consolidate the industrial structure by promoting local industry to integrate successfully with foreign money and management.

To this end the government has introduced additional fiscal measures which have been well received. The original tax holiday of up to five years for pioneer plants has been increased to 10 years, the period of grace depending on the technology and skill-intensity potential which the new plant offers. At the same time, pioneer status is now possible even for new commitments which do not exceed one million dollars each. This was argued as a move to encourage the necessary supporting industries. To date, seven projects with total fixed investments of $134m. have been approved for pioneer status, with tax holidays reaching beyond the five years previously allowed.

Under the new capital assistance scheme, a special fund has been established for skill-intensive investments which bear higher risks than those normally acceptable to commercial financial institutions. So far, the Economic Development Board has approved loans of $6.1m. to help such enterprises. There are five beneficiaries and their fixed investments total $30.7m. These projects are found in the precision engineering and metal fabrication fields and have an average value added per worker of $50,000 compared to the current average of $17,000 for existing industries.

In his budget speech earlier this year, the Finance Minister said these projects were joint ventures and the continuing prospect of introducing new technical know-how by such ventures with foreign partners was good. Some 30 projects of this nature are believed to be under negotiation by the Board.

On the local investment front, it was evident for a while that government aid priority favoured the foreign investor, until the Singapore's Manufacturers Association made public appeals to the government to help its members. There is at present, a healthy campaign on the part of the EDB to encourage expansion, upgrading and diversification of local plants to serve as successful back-up industries to the multinational corporate concerns operating in Singapore.

Reported successes include persuading some hardware and marine equipment traders to go into manufacturing. Those with established workshops have expanded and upgraded their skills. And the spill-over is that the multinational marine, electronic and electrical corporations are more prepared to buy certain semi-finished products here.

The real test, however, will come with Singapore's ability to consolidate its export markets. Already, the EEC has levied a 14 per cent. tax on its calculators when they threatened to flood the European market. Likewise, other items presently enjoying the Generalised Scheme of Preference clause may soon become problem areas.

Because of this Singapore now seems more than ever keen to integrate the South-east Asian market. Indonesia and Malaysia, big brothers in the regional entity called ASEAN, are on the other hand slow to respond. They think Singapore will gain too much too fast and in no time Singapore's manufactures will flood their markets.

As the world waits for the industrial West to recover, there are signs that Singapore manufacturers (both local and foreign) can look forward to their traditional markets re-establishing themselves. But the genuinely long term strategy is an interest in a sustainable regional market.

Tan Lian Choo

SINGAPORE VI

Leading personalities

Howe Yoon Chong

Howe Yoon Chong laughs and shrugs when people call him the most powerful non-politician in Singapore. But there is little doubt that with the four major posts that he holds, Mr. Howe controls much of the economic and administrative machinery in the country.

He is the chairman of the Port of Singapore Authority, the world's fourth busiest port and economic lifeline of this trading nation. With present port facilities near the limit of further development, Mr. Howe faces the task of starting an entirely new seaport in Changi, where a new International Airport is also being built. In fact, the airport project had been partially bogged down in inter-Ministry lack of co-ordination until he was told to take overall charge of the project.

His power lies precisely in his being above all Government Ministries. For major projects involving many private and public bodies, it was entirely natural to call upon Mr. Howe to take overall charge, and in formal recognition of this fact he holds the post of permanent secretary of the Prime Minister's office, a job which appears to have been specially created for him.

His apparent impatience with red tape and ability to slice through it has also landed him the job of head of the Civil Service, in a country which some political scientists have labelled an "administrative state," where elected politicians often have less power than the crops of little-known but powerful bureaucrats. Since Mr. Howe was given this title, the Civil Service has been jolted out of its traditional complacency. He wants to revamp the bureaucracy to make it "more responsive and polite to the public, more efficient, and more rewarding for talented young people." He has started a Civil Service Development Institute and periodic seminars to develop technocratic skills and allow promising young administrators to show their potential. He acknowledges that the public sector cannot afford to pay more than the private sector, and therefore must prevent a brain drain by offering greater job satisfaction.

As if these tasks were not monumental enough, Mr. Howe is also the chairman of the Development Bank of Singapore, which last year channelled S1.5bn. into industrial financing, especially in recession-stricken industries like shipbuilding. The bank has also formed many joint ventures to provide special impetus in the development of particular industries, and recently floated a U.S.$60m. convertible bond issue, its second so far.

Ngiam Tong Dow.

Ngiam Tong Dow

Ngiam Tong Dow is at the forefront of a rising echelon of young technocrats in Singapore—blunt, go-getting, and solidly pragmatic. As chairman of the Economic Development Board, he is also probably the first high Government official that potential foreign investors meet. In addition to selling Singapore to the outside world he also plays a decisive role in charting the economic future of the island, through his other job as permanent secretary for economic planning in the Ministry of Finance. At 39, Mr. Ngiam is the youngest permanent secretary in the civil bureaucracy, where he has spent his entire career.

Mr. Ngiam joined the Department of Trade in 1959, when the ruling People's Action Party came to power. He then rose rapidly through various postings in the Ministry of Finance, EDB, Intraco (the State trading agency), and the Ministry of Communication to his present jobs. His career follows a pattern similar to that of another career bureaucrat, Hon Sui Sen, who is now the Finance Minister. Observers agree that when the present leadership retires, there are few people as well placed or qualified as Mr. Ngiam to take up the Finance Minister's job.

He is an example of Singapore's successful meritocracy, with its tinge of elitism. He worked his way up purely through his own ability, and believes firmly in a Platonic society where those destined to be led should accept their social role and where leaders are ethically obliged to lead well, and without question.

Mr. Ngiam sees the EDB's main task now as the selective upgrading of Singapore's technological capabilities. "We do not intend to compete with South Korea or Taiwan as the semi-skilled, middle link between developing and developed countries," he says. "We want to attract the highly-skilled industries like manufacturing of sophisticated aircraft components, precision tools and advanced electronics — requiring skills which only the developed countries presently have but which our youngsters can acquire with the proper training programmes." Considering himself a realist, Mr. Ngiam is constantly aware that the tiny city-state must be run like a tight ship with no slackness, because "we must live by our wits alone."

Devan Nair

Devan Nair is one of the most distinguished defenders of the PAP faith in Singapore, and the country's top trade unionist. in 1955 he campaigned along with the present Prime Minister, Lee Kuan Yew, as one of the four PAP candidates for the legislative assembly. At that time identified with the pro-communists, Mr. Nair was arrested and detained by the British, and after his release in 1959, sided with the moderates. To-day he vigorously defends detention without trial as a necessity, and can perhaps claim to speak with some authority on the subject because of his personal experience with communist united front tactics He represented the party to the recent Bureau meeting of the Socialist International, and vehemently attacked the "ultra-liberals" and "the lunatic fringe" of western social democrat parties which sought the expulsion of the PAP from the SI for its detention policies.

When the Left-wing trade unions were banned more than a decade ago, Mr. Nair led the National Trades Union Congress into a new era of trade unionism. The adversary relationship with the Government was rejected, and the unions approved the passage of several labour laws, which cut down the number of strikes and made Singapore's labour situation one of the attractions that bank brochures listed for potential foreign investors. Over the years, Mr. Nair has also vigorously expanded the NTUC's activities to include insurance, supermarkets, taxi co-operatives and possibly a workers' bank soon. Mr. Nair also strongly advocates the principle of tripartism, and has labour representatives on the national wages council and various other statutory boards. He is also the regional vice-president of the International Confederation of Free Trade Unions, a post which led him to some scrapes with university students who implied that he was associated with an allegedly CIA-backed world body. He has often been tipped for a ministerial post — probably that of labour — but with the Government feeling that any communist insurgency is likely to be manifested in the labour movement, it may be felt that Mr. Nair's control of the NTUC is far too important a job to be given to anyone else.

Michael Fam

Michael Fam's public service record has been so long and extensive that some Singaporeans think he is a career civil servant. As the chairman of the huge Housing and Development Board, he has indirectly affected half of Singapore's population, who live in the Government high-rise flats. He has also been deputy chairman of the Public Utilities Board and member of the Economic Development Board.

This image of him was reinforced recently when he became the troubleshooter for Haw Par Brothers International on the initiative of the monetary authority of Singapore. Mr. Fam was appointed Haw Par's chairman—with no previous connections with the company—and since then he has settled Haw Par's major problems and strengthened its management.

Others who have heard of Mr. Fam think he has always been a businessman, with his chairmanship of Hume Industries (Far East), and directorship in Singapore Airlines and the Straits Times publishing group.

Still others who know him as a Fellow in the Australian and British Institutions of Engineers remember him as an Australian-educated civil engineer who graduated with Honours and was once the President of the Malayan Society of Engineers.

In fact, Mr. Fam wears all his hats at once, describing himself as a "quasi-public servant" who was quite happy as an engineer but found that his administrative talents were being sought after in both the private and public sectors. He began his career 26 years ago as an engineer for Hume Industries (Far East). He rose rapidly through several promotions and is now both Chief Executive and Chairman of the company, responsible for its operations in both Singapore and Malaysia. Last year he became the first non-Australian director of Hume Ltd., the largest concrete pipe manufacturer in Australia and parent company of Hume Industries. During these years he combined business with community service so energetically that he was awarded the Government's Public Service Star and Meritorious Service Medal.

Few Singaporeans to-day can dream of founding their own commercial dynasty, like the old generation of Overseas Chinese tycoons who built their fortunes on rubber, banking and entrepot trade. But the increasingly technological society requires and rewards the capable professional cum administrator, like Mr. Fam, who at 49 was one of the first of his new breed.

These profiles were written by HO KWON PING

Tan Chin Tuan

Tan Sri Tan Chin Tuan, Singapore's banking baron, started work as a clerk over 50 years ago. To-day, he is almost a financial institution, with his Oversea Chinese Banking Corporation physically and financially towering over all other local banks. In 1932, he played an active role in the merger of the three existing Hokkien Banks into the OCBC, and gradually rose to become the general manager and then managing director. (For the past ten years he has been the bank's chairman.) Since its inception the bank's assets have grown 70 times, to over S$3bn. It now operates over 40 branches and 25 subsidiaries.

Tan Chin Tuan continues to play an active role in the island's business. He sits on the Boards of around 20 other companies, and he and the bank are believed to have significant holdings in almost every "blue chip" on the stock exchange. The list is long and by no means exhaustive: Sime Darby, Robinsons, Fraser and Neave, Malayan Breweries, Straits Trading, Straits Times, Wearnes, Tanjong Tin Dredging, Raffles Hotels and many more. The bank's direct and indirect shareholdings include stakes in many of the most important companies in the region.

He attributes the bank's success to his conservative policies, which are reflected in the bank's logo of a Chinese junk at full sail and the slogan "solid as a rock."

Though his sole occupation now is business, he played an active role in colonial politics, and served as a deputy president of the legislative council.

Lee Koon Choy

Lee Koon Choy

When Lee Koon Choy left Jakarta after four years there as Ambassador, he brought back the raw materials for a recently published book on Indonesia, an award from President Suharto for contributing to bilateral understanding, and the accumulated experience of six years as an Ambassador and 17 years in Government service. He then settled down to run the daily affairs of the Ministry of Foreign Affairs, as its senior Minister of State. If persistent rumours that the present Foreign Minister, Mr. Rajaratnam—the eldest cabinet minister—will retire soon prove correct, Mr. Lee will be the best pla[ced] to take over.

Penang-born and educated, he is par[ticularly] strong in two areas: ... and China. He has atte[nded] major ASEAN minister[ial meet]ings and accompanied ... Foreign Minister and ... Minister to China. As Ambassador to Cairo, ... has also valuable ... knowledge of an area ... world which is one of ... pore's fastest growing ... export markets, and ... petroleum for the ... five refineries.

A journalist by trai[ning, the] year-old Mr. Lee is not a young up-and-comi[ng poli]tician. He has spent ma[ny years] in three other ministrie[s before] he finally settled in the ... office. But he has firml[y estab]lished himself there ... Deputy Foreign Minist[er] overseeing many ... administrative function[s] increasing his di[plomatic] stature.

Ray Wartzbu[rg]

Singapore's historical ... the crossroads of regio[nal com]merce led many men ... parate race and upbring[ing to] seek their fortunes here ... Wurtzburg, 50, is one ... of this colonial legacy. A ... pore citizen by birthri[ght] ... Wurtzburg is chairm[an of] Straits Steamship, form[ed] 90 years ago and now ... ninth in terms of com... assets among Singapo[re and] Malaysian companies.

His father Charles was ... war chairman of Mansfi[eld] ... Straits Steamship, ... scholar of Sir Stamford ... and an unofficial mem[ber of] the Colony's legislative c[ouncil]. His father-in-law was the ... commissioner of poli[ce in] colonial days. In modern ... pore, Mr. Wurtzburg ... focused all his energ[ies on] building up Straits Ste[amship] into a diversified group ... interests in shipowning ... and management servi[ces] ... industry services, pr... engineering, transportatio[n] ... freight forwarding, travel ... and car rentals and prop[erty].

He is also a committee [mem]ber of the Singapore ... national Chamber of Com[merce] and Securities Industry C[ouncil].

هكذا من الأصل

Electronics sector shows resilience

ONE OF THE most dramatic developments in international investment in recent times has been the mass shift of certain stages of production in the electronics industry from its "home" in the Western industrial nations to "offshore" locations in Asia, Latin America and elsewhere. This "offshore sourcing" was led by American multinational electronics companies, beset in the late 1960s by Japanese competition, domestic labour shortages and unrest during the boom, and attracted by certain U.S. tariff law provisions and generous investment incentives offered by potential offshore locations with cheap and abundant labour.

The wave of investment in *offshore electronics production* reached Singapore in 1968-69. Within a few years, the city state was established as a world leader in the labour-intensive assembly of semiconductor components. Between 1968 and 1971, eleven leading American and European semiconductor manufacturers set up production facilities on the island.

Until then, the only significant electronics manufacturers in Singapore were two large locally-owned firms producing black-and-white television sets for the domestic market, under tariff protection. The influx of foreign firms, *led by the* Americans, and then followed by rival European and Japanese, as well as Hong Kong, firms stimulated the development of a diversified industry. In addition to the *semi*conductor giants—including Texas Instruments, National Semiconductor and Fairchild—other foreign and local firms have been set up to manufacture consumer electronics products, on the one hand, and components and other parts for both semiconductor and consumer electronics firms, on the other. Products include radios, black-and-white and colour televisions, digital watches and clocks, and calculators; and there are a few firms producing industrial, military and medical electronic products. Companies like Hewlett Packard and General Electric of the U.S., Sanyo and Hitachi of Japan, and Philips of the Netherlands have large, even multi-plant facilities on the island.

Although still dominated in employment size and output value by the multinationals, especially the U.S. semiconductor firms which at their peak employed up to 4,000 workers each and had sales of over S$100m. a year, the industry is becoming increasingly heterogeneous in terms of products, firms, nationalities, technologies and labour intensity.

In 1971 electronic components accounted for over 70 per cent. of total output in the industry; in 1975 output of consumer goods outstripped that of components for the first time.

In terms of its contribution to total manufacturing output, electronics is second only to oil-refining, and at its peak in 1973 contributed some 14 per cent. to total manufacturing output, before falling to around 10 per cent. in 1974. More than 90 per cent. of the industry's output is exported, accounting for about 20 per cent. of total manufacturing direct exports. In 1974, 21 per cent., or 42,350 workers, of the total manufacturing labour force was employed in the electronics industry, making it by far the largest employer in this sector.

Competition

The electronics industry, world-wide, is highly competitive, particularly at the semiconductor end which embodies the core of electronic technology. Market and technological developments have subjected the industry to wide *cyclical fluctuations every three* years or so. From the second half of 1974 to almost the end of 1975, the downturn in the industry coincided with the general world recession to hit the industry with its *severest* recession so far. Singapore was perhaps the worst affected offshore location. Some two-thirds of the 20,000 workers retrenched in Singapore during this period were from the electronics industry. Figures for 1975 are not yet out, but a recent newspaper report estimated the size of the work force in September 1976 at 32,000, down from a peak in early 1974 of nearly 50,000, and after nearly six months of upturn and heavy rehiring.

It seems likely that the magnitude of the recession and lay-offs in the industry in Singapore was due to more factors than simple market downturn, since other offshore locations, particularly in neighbouring South-east Asian countries, suffered much less, or not at all. For example, Malaysia, which by 1974 had replaced Singapore as the most favoured offshore location and the world's largest source of integrated circuits, experienced only minor retrenchment by some companies, and even expansion in employment by others, some of which were relocating their labour-intensive processes from sister plants in Singapore. The tripling of average remuneration *(including fringe benefits)* in Singapore since 1968, and its much higher level than that prevailing in neighbouring countries, have caused labour-intensive processes to become less viable in Singapore.

The secular tendency for rapidly rising wage and material costs — the National Wages Council guidelines in 1973 and 1974 gave double-digit percentage wage *increases to* employees in many firms—coupled with, in some cases, falling world market prices, was responsible for the closing down or permanent reduction *in operations of many foreign* and local firms. Adjustments such as the transfer of labour-intensive operations elsewhere, technological upgrading, increased capital-intensity and re-*organisation in Singapore have* generated productivity increases permitting higher output with fewer workers. Automation, for example, is becoming increasingly popular. Value *added per worker has* increased by five times between 1968 and 1974.

One of the major reasons for offshore sourcing during the late sixties was to accommodate orders in periods of peak demand, with the offshore plants also absorbing the brunt of the slack during slumps to avoid employment adjustments in the home countries. Therefore offshore plants tend to be more sensitive to both booms and slumps. Altogether, the recession of 1974/75 seems to have provided the excuse for massive retrenchments which would have taken place anyway, as dictated by the global strategy of the multinationals, rising local wage costs, increased efficiency, and even the expiry of the five-year tax holiday periods.

By the end of 1975, the industry was beginning to pick up, and by mid-1976 the upturn was in full swing with factories working at over 70 per cent. capacity. By March 1976 orders were already as much as 50 per cent. up on 1975. However, it seems unlikely that employment in the industry will surpass the 1973 peak, or grow as rapidly as the 23 per cent. rate recorded between 1970 and 1975. Existing firms can increase output with fewer workers, and for many, uncertainty about the duration of the current boom restrains expansion. It is anticipated that the three-yearly cycle may *be shortening, partly because of* overproduction by firms during the upturn in order to tide them over the next bad period, which aggravates the cycle for the industry as a whole.

The capacity of Singapore to attract new firms into the industry is also limited, because according to the pattern of offshore sourcing its popularity has waned. Even Malaysia, *which succeeded Singapore as* the most popular location for the international industry, has become more or less "saturated," and the growth of new investment there has de-*clined. The new locations* are Indonesia and, especially, the Philippines. The trend increase in world demand for electronic products tends to be satisfied by the opening of new locations *rather than by reinvestment in* or expansion of established ones, especially when, as in Singapore, tax incentives have expired and wages have risen substantially.

Incentives

The government itself in 1970 removed incentives for new investments in semiconductor packaging, and in 1973 went as far as turning down the applications of some firms because of labour shortage in Singapore. The reversal of this position is unlikely to attract any more such firms because they have already established themselves elsewhere, like Motorola in Malaysia.

Offshore sourcing itself may decline in importance with technological and labour force changes from the labour intensity and labour scarcity which prompted the outward move of electronics companies in the 1960s and early 1970s.

The protectionist lobby in the U.S. may become stronger, though the latest round—over the preferential import duty on foreign-assembled electronic watches—was won by the electronics industry. The availability of the generalised scheme of preferences in the European market has been crucial to the competitiveness of the Singapore consumer electronics industry against the cheaper and more efficient Hong Kong and Taiwan manufacturers who do not qualify for the preferential tariff. If this is withdrawn, Singapore's attractiveness as an offshore export base for *Japanese and Hong Kong firms* trying to penetrate the European market will evaporate.

The Economic Development Board in Singapore has been trying to promote the upgrading of skills and technology in the electronics industry. In the semiconductor sector, forward integration into testing, finishing, warehousing and direct shipping to customer instead of via the U.S. parent, is becoming more common. But the policy of encouraging backward integration into wafer manufacture has not been successful because of economic and technological considerations.

Some growth may be expected in the more capital-intensive, higher-skill sectors of the industry, with firms investing in "*upgraded*" activities in Singapore not because of labour intensity, but because of the attraction of political stability and the general business environment. The importance of *the local business sector may* also be expected to increase, despite the severe blow it suffered during the recession and the continued competition with foreign firms for labour and other inputs. So far the government has clearly favoured foreign firms over locals—in the award of investment incentives, for example. But the recently announced small industry financing scheme, and a training scheme for 7,000 workers in the electronics industry indicates a much-needed shift in policy. The consumer products industry, in which local firms are concentrated, will continue to grow and develop further.

Linda Lim

Shipbuilding gloom

"WE CANNOT see any silver lining to this ominous cloud even by the early 1980s."

This was the gloomy but succinct comment on the future of the shiprepairing and shipbuilding industry in Singapore by Mr. Tan Teck Chwee, chairman of the Jurong Shipyard group, one of the largest ship repairing and shipbuilding yards in the Republic. The occasion was the recent launching of the second of three 96,600-tonne tankers ordered by Palm Star Lines, a subsidiary of Sanko Steamship of Japan. Normally an auspicious occasion, it was more a kind of closing ceremony marking the dwindling workload at most of the shipyards.

They are no longer occasions for yards' executives to boast of a new series of orders. Instead, in the three years since the oil crisis the Singapore yards have begun to use such occasions to compare how badly they are faring under the shipping slump. Once the star of the republic's economy, shipbuilding is now proving to be a drag as the country gradually responds to the general recovery. Most of the big yards in which the Singapore Government has an interest are seriously affected and top executives like Mr. Tan are among those telling the world how serious the problem really is.

One of the Jurong group of companies, Jurong Shipbuilders, for example, is in deep straits. Conceived to take advantage of the shipping boom that was building up it is still not viable despite having delivered 13 vessels since 1971. The vessels *included 11 Freedom cargo* vessels and the two 96,600-tonne tankers delivered to Palm Star Lines. All three tankers represented only half the initial order placed at the height of the *boom. The extent of the* setback suffered by the yard is not known although it has reported that 1975 sales revenue dropped to S$25m. from S$48m. in 1974. Apparently, without *Government support*, the yard would have suffered the same fate as that of several smaller ones dotting the coastline of the republic and many others around the world.

The *shiprepairers are also* finding that the party has ended and that the hangover is worse than any experienced before. Apart from traditional competition, they are now finding *tough new competitors from* shipbuilding yards in Taiwan and Korea using their excess capacity to fight for the smaller pieces of cake.

Contraction

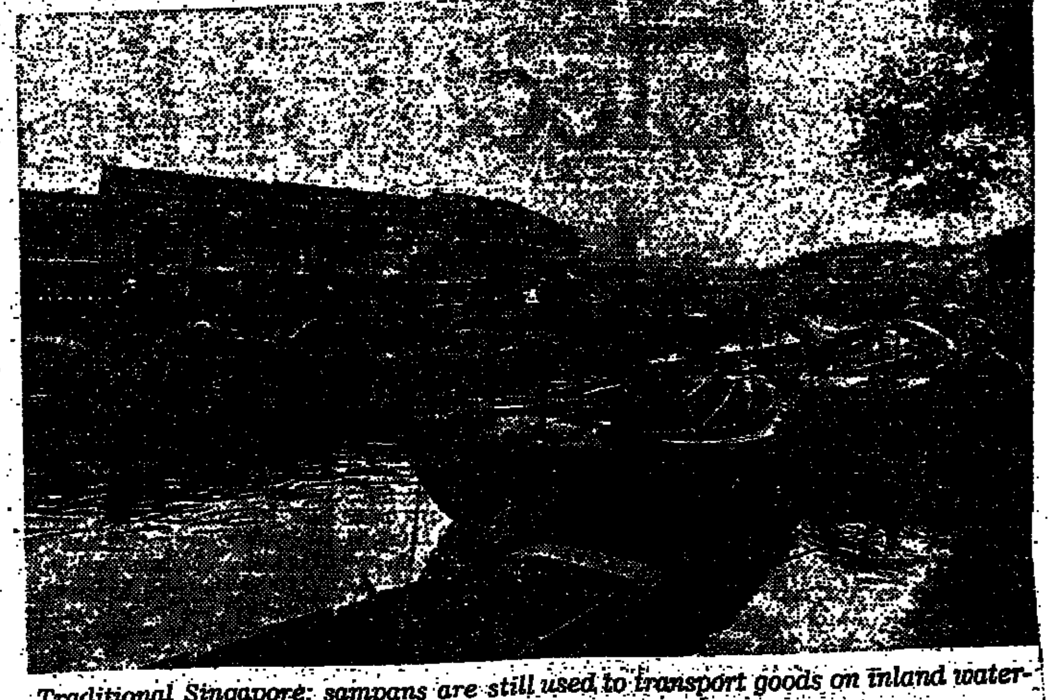
Sembawang Shipyard, the former U.K. naval dockyard, resuscitated as a commercial shiprepair yard following the British withdrawal, *to-day* boasts the largest drydock in the republic—but work prospects are grim at the moment. Even the Keppel Shipyard group, another government concern, is *feeling the pinch.* Although it can point to a few promising youngsters within its fold, which seem to be bucking the trend with some creditable performances, the group has twice had to dip into the Asian Dollar bond market to help its business. The company profits representing mainly earnings from its shiprepairing business dropped 16.5 per cent. to $41.35m. last year on sales revenue of just over $100m. or some 6 per cent. down on 1974. Group profits boosted by creditable earnings from subsidiaries like Singapore Slipway and Engineering, sub-contracting agents Western Eagle and Gee Fook Ying, and oil rig-builder, Far East-Levingston Ship*building, amounted to $54.40m.*, which is still about 6 per cent. below 1974's profits. Group sales revenue at $125m. was down 4 per cent.

The days of spectacular *growth in the shipbuilding* business are long over although all the four rig builders have a sufficient backlog of orders to keep their workers occupied to the end of the year. The first big *crack in an otherwise promising* front on the rig side is the fact that no new orders have been received for the past 18 months and staff retrenchment can no longer be put off. One of them, Bethlehem *Singapore, is* considering cutting down its 1,000 or so staff to a skeleton work-force of 200 by the end of the year. Production revenue at Far East-Levingston Shipbuilding has also declined 26 per cent. to S$34.57m. in the first six months of this year. Profits were only 19 per cent. higher at $5.19m. compared with the five-fold jump in the previous six months and record 117 per cent. rise in 1975. The group only expects to complete two major contracts — a Chancellorsville-type drillship and a semi-submersible platform of the Aker H3 design—in the period from July to December this year, compared with three in the same period last year.

All the rig builders have means of sitting out the slump but the alternatives are quite limited. For example, in diversifying into the supply vessels market they would have to face a handful of mighty midgets like Singapore Slipway and Promet, which have the backing of big parents like the Keppel group (with ample resources to offer 90 per cent. credit) and the Jardine Matheson group, respectively. Even Promet has been more successful in the same exercise than the giants. It recently secured a contract for the construction of harbour jetties in Bahrein and Saudi Arabia. Clearly, it would take nothing less than strong recovery in the shipping industry to clear the ominous cloud overhanging the shipbuilding and ship repairing and oil rig building yards in Singapore.

E. K. Lin

Modern Singapore; girls taking part in a National Day celebration.



Traditional Singapore; sampans are still used to transport goods on inland waterways.

Growth in tourism continues

IT MAY not be a boom time, but tourism in Singapore is still doing well. Tourist dollars continue to flow into the island republic at a speed encouraging enough for hotels to announce expansion plans.

The number of tourists visiting Singapore continues to grow at over 10 per cent. annually, and the hotel trade appears to have recovered from the post-petrol crisis low.

During the first half of the current year, the annual growth rate in tourism was running at 11.7 per cent., compared to the figure of 6.1 per cent. for the corresponding half-year period last year.

Major hotels are also reporting very high occupancy rates: some even claim that business as a whole was up by over 30 per cent. last year and this year promises to be as good.

A general manager of a large hotel, Mr. Sonny Lien, said the current performance should hold steady for at least another three years. Mandarin Hotel, where expansion plans may make it the largest in Singapore in a few years time, shares with the Shangri-La the name of being in the top bracket of world hotels. Both are internationally linked. Mandarin Hotel is linked with the Savoy in London, Ritz in Paris and the Hongkong Mandarin.

On the promotion front, hotels and the Singapore Tourist Promotion Board work in co-operation with Singapore Airlines in a bid to keep the island-city on the world tourist map.

There are already over 1m. visitors calling every year. By 1979, Singapore expects to entertain over 2m. tourists.

As an example of tireless marketing, Mandarin Hotel last summer went to Atlanta in Georgia, U.S., to promote Singapore (with the help of Singapore Airlines) to a gathering of executives which represented some 30m. members in the U.S. Because Americans are their biggest clients, Mandarin Hotel, thought the move appropriate.

Indeed the ideal tourist is one attending a convention. He stays longest and he has the money to shop, to dine and to tip. Australian and Indonesian holidaymakers are most popular in Singapore.

Seven years ago, Singapore was the sixth in the Asian tourist league. To-day, not only is the island-republic the most successful in the trade (in terms of GNP dollars activated), it is leading in initiatives on how to improve the trade on a regional basis.

Present-day STPB marketing strategies include collaborating with Singapore Airlines on selling Singapore as a stopover point for anywhere else in South East Asia.

Intra-Asean travel has been given priority and new markets yet to be fully developed include the oil-rich West Asian states and, subsequently, the Middle East as a whole. Feasibility studies are currently being held to assess marketing methods for the Middle East. Formed in 1965, the STPB has over the past 11 years, with a dedicated team of young salesmen achieved an annual growth rate of some 40 per cent. in tourism. Not only has the Board added spice for the traveller in Singapore, locals too can claim to have added variety to the tourist spots. Over the years, Singaporeans watched the advent of the healthily laid-out zoo, Sentosa Island as a picnic site, cable car rides and walks in Chinese or Japanese Gardens.

The Board's latest addition to attractions is a newly constructed handicrafts' centre where the last of the Singaporeans who earn their living in their craft will trades be assembled in one area.

Beneath the apparent optimism, however, the hotel trade is fighting hard to stay viable. It is true that the STPB predictions for growth are likely for the next three years or so, barring another world-recession. But there are some hotels who appear unable to satisfy their shareholders that they can run at a profit.

Two years ago, the hotel trade took a severe dip. There had been a boom and almost overnight, the financial glamour of the industry diminished because of the glut in hotel rooms in town. To-day, there are hotels who show they have weathered the post-petrol crisis slump but there are others who have not.

If pre-tax profits for the first six months of this year are anything to go by, a few have shown signs of recovery. Hotel Royal (tourist class) produced profits of $127,460 for the interim period of January to June 1976, as compared to a loss of $254,934 for the corresponding period last year. In the same class of hotels, Kings achieved profits of $239,327 for the Jan.-June period this year as compared to a profit of $159,942 for the same period last year—a rise of some 49.6 per cent.

By the same token, Apollo hotel is not boasting of higher profits but is confident that the trade is becoming profitable once again. They have just gone public, trading 16,000,000 shares at $1 each earlier this year.

But a speculator may have mixed feelings. Some hotels in the tourist class seem to be sinking further despite reports of a current upturn in the industry.

Negara, another public company listed on the stock exchange reported losses of $3,886 for the six-months interim period this year. The loss is despite the company's ability to increase sales by 12.8 per cent. Last year, for the corresponding period, Negara hotel recorded $25,079 in profits. Another hotel in the same class, Sea View, continues to report losses. Behind the failures lies the inability to weather the slump two years ago because of rising costs in hotel operations due to inflationary pressures.

In the class of larger hotels, pre-tax profits for the first half-year appear similar to the corresponding period last year.

Exceptions are the Merlin, where the figure seems to have nearly doubled, and the Ming Court, where for the six months ending in March this year profits reached $381,087. This compares very favourably with a loss of $353,179 in the corresponding period the previous year.

Hotels

For the top-class hotels—Shangri-La (backed by Government participation) and Mandarin—six-figure turnovers are showing profits and will very likely continue to do so for a long way.

The tourist industry as a whole, however, cannot safely say that there will be no downturns in the near future. It is still vulnerable to a general trend of rising building costs and many are planning new extensions. What is consoling, perhaps, is the notion that the cycles (in the event of future dips) will be smaller in magnitude as the less profitable hotels get phased out of the industry.

Tan Lian Choo

Textiles a major employer

AMONG THE few early investors in Singapore's industrialisation programme in the 1960s were textile manufacturers. Mainly Hong Kong entrepreneurs, they developed their factories in response to the Singapore Government's incentive in giving top priority to labour-intensive industries to cushion a large unemployed labour market.

To-day, textiles and garments are the second largest industrial employer, after the electronics industry. Both sectors account for about 15 per cent. of the total 200,000 workers engaged in manufacturing, and contribute about 10 per cent. of all industrial output.

The industry is necessarily export oriented because of the small domestic market (population, 2.5m.). Of the 287 textile factories in the Republic, about 31 per cent. export to the U.S. and the European Economic Community, their major customers, who buy about half of the island's total export of textiles and clothing.

Two years ago, the textile industry went through one of the worst slumps in the whole 60 years of world textile history. Geared to the international markets local industry reacted in concert with the prevailing economic downturn. Like an investor's nightmare, there were confused reports of planned factory withdrawals from the Republic, retrenchment figures that went as high as 30,000, shortened work hours, closures, and strangely, of a few factories beginning expansion programmes.

The effects of the recession on the industry is reflected in Singapore's textile trade figures for 1975. Textile exports reached only $365m., a decline of 10 per cent. when compared with the previous year's performance of $405m. The main markets were the U.S., the EEC, the other ASEAN countries, Hong Kong and Australia. The U.S., the Republic's top trading partner in 1975 (replacing Japan) imported less clothing than before, down 31.7 per cent. to $106.2m.

However, by mid-1975, business expectations had improved in line with recovering Western economies. The local recovery began, but not in all textile firms. Some which had incurred more severe losses than others during the previous two years suspended operations until this year.

On the whole, the textile industry responded faster to improved consumer demand and was leading the other industrial sectors in export improvement from the second half of the past year. A fairly liberal generalised scheme of preferences signed between the EEC and Singapore on textiles and garments in September, 1975, gave an additional boost. The agreement favoured Singapore more than its traditional competitors, Hong Kong, Taiwan and South Korea.

Malaysia has also liberalised its textile trade policy. It has lifted the import quota for all types of textiles (to the chagrin of its own manufacturers), which was imposed in January, 1974, to prevent dumping.

Recruitment

Under such conducive trading conditions, the Singapore industry expects to return to normal production capacity soon, in which case the first problem managers will encounter is the re-recruiting of several thousand factory hands for the textile mills. This is not an easy task these days because the popular image of an unlimited pool of cheap labour is passé in Singapore, as well as for its Asian cousins, Hong Kong, Taiwan and South Korea.

As it is, with companies in the highly competitive labour-intensive industries such as electronics and textiles, the common complaint is a high turnover rate and the problems of finding new workers. Mr. John Lu, director of the Singapore Textiles Industries (the only fully integrated textile factory in Singapore) and South Grand Textiles estimates that his labour turnover rate is about 5 to 10 per cent. a month. "We need to get new people at all times," he says.

In explanation, manufacturers point out that female labour makes up the bulk of the workforce in the mills. Their working life is short, because they tend to leave when they marry. In addition, the electronics industry presents an attractive alternative—a pleasant air-conditioned working environment and piped music which makes a winning combination against the din from hundreds of weaving looms.

For Singapore, which has built its economy on a labour-intensive industrial base, the situation is cause for concern, compounded by rising wages which threaten to trim the country's competitive position against the other fast developing Asian economies. The only solutions are automation, increased productivity and upgraded textile products. Ultimately, it is argued, labour-intensive industries will be phased out by force of circumstances. Those remaining will depend more on capital and technology than on abundant labour.

Singapore textiles have, during the last decade, achieved a good reputation for the quality of their yarn, grey cloth and finished fabric. Nevertheless, the industry feels it needs to consolidate backward linkages in preference to cut-make-trim operations, better management and marketing control and to cut out much of the overlapping textile items by product standardisation. This will reduce unit cost and promote a higher output volume per item. And eventually, the industry's people hope, they will recover most of their losses.

Tsang San Yin

The Management Page

EDITED BY JOHN ELLIOTT

Despite its good public image, Leyland's truck and bus division has sales and manufacturing problems which need urgent attention from its new managing director. **Terry Dodsworth** reports.

Leyland buys some managerial talent

IN THE DAYS when the small Leyland truck company under the then little-known Donald Stokes began to flex its muscles in a series of headline-catching takeovers and export deals, an image was created that has continued to sparkle over since. Whatever the troubles which beset the company once it had become the major rationalising force in the British car industry the Lancashire-based truck and bus group went its own assured way, turning in a regular profit, maintaining its export record, and providing a steady flow of cash to siphon off into investment elsewhere.

Yet, as its new managing director, Mr. Desmond Pitcher, who was appointed this week, must already know only too well, this record of steady achievement has masked a number of severe weaknesses. The group readily admits that it has not invested enough in recent years, either in producing new models, or rationalising the wide variety of marques—Leyland, Guy, Albion, BMC, Scammell—which it inherited with the mergers. This is the result, it says, of being used as a handy supply of cash to Leyland's sorely pressed car interests—the "tin can makers" as they are disparagingly known at the truck headquarters. The corollary of that policy, the argument goes, is that the truck and bus interests have inevitably sometimes found themselves short of vehicles, suffering from outdated designs, and under severe pressure to retain U.K. market share.

Production facilities

These problems, recognised internally in BL for some time, were perceived by Lord Ryder when he came to conduct his Government-prompted inquiry into the company. In his report on BL, which was also to become the blueprint for the new organisation, he recommended that £346m. should be invested in the commercial vehicle operations, two thirds of it for the modernisation of production facilities.

Lord Ryder also identified what he regarded as another area of major weakness: the fact that Leyland has only a pitifully small share—under 1 per cent.—of the Continental lorry market. He recommended that the company should seek to capture a share of about 5 per cent. in Europe over the next eight years, and that the main thrust of its marketing effort must go into Western Europe.

This policy has meant a big psychological switch at Leyland, a company which built its overseas business largely in the old imperial markets. It may also have led indirectly to the departure of Mr. Ron Ellis, the former managing director. Ryder — and, in turn, the new BL management — wanted the exporting effort to be carried on through BL's international group, whereas Ellis wanted more direct control; and this kind of argument at a time of a radical change of policy was obviously not helpful. Thus Ellis moved on to his new job as head of arms sales at the Ministry of Defence, and Pitcher took over the hot seat.

Pitcher's background and experience are not, on the face of it, ideal for a truck company—the truck industry rarely recruits managers from outside its own ranks. For the last 16 years he has worked for Sperry Univac, which is primarily a computer company although it has other interests including the New Holland farm machinery company. But the BL Board seems to have taken the view that the truck and bus division basically needs a man with three main attributes: international experience, a knowledge of European marketing, and an engineering background. And as an engineer who rose to become European vice-president of Sperry Univac, Pitcher perfectly fits the brief for a blend of engineering and marketing know-how.

These engineering and marketing issues are indissolubly linked. Without new products it is widely recognised that Leyland will be unable to stem the strong attack on its pre-eminent position in the British commercial vehicle market, or to carry its flag into Continental Europe. Yet the introduction of new vehicles demands a continuing rationalisation of the range, along with a radical adjustment of plant organisation and investment in new components. This is needed in addition to two key assets which Leyland already has — good industrial relations and strong customer loyalty.

EUROPEAN TRUCK PRODUCTION IN 1975

	Number of trucks	
	15 tons and over	6 tons and over
Daimler-Benz (Germany)	58,200	103,800
Iveco (Italy/Germany/France)	38,800	61,600
Volvo (Sweden)	22,900	25,300
Saviem/Berliet (France)	18,700	34,400
Scania (Sweden)	17,300	17,400
Leyland (U.K.)	12,000	30,000
M.A.N. (Germany)	11,000	13,700
Ford (U.K.)	NA	39,900
Bedford (U.K.)	NA	43,700

Mr. Desmond Pitcher (left), who has this week left Sperry Univac to become managing director of Leyland's bus and truck activities, faces strong international competition, illustrated in the table above. He also has to decide how to correct the drop in Leyland's share of the U.K. truck market shown in the graph (top right).

Drop in market

Because the truck and bus group has been able to produce good financial results—a £27m. profit last year, based on excellent export results— it is not often realised how far it has already lost way in the British market. Yet between 1971 and 1975 its market share in trucks of more than 3½ ton gross vehicle weight—the area in which it specialises—dropped from 32.6 per cent. to 24.8 per cent., and this year it has been running at only 22.4 per cent. On a narrower front, in the heavy 32-tons plus vehicles which must form the spearhead of any company's range these days, Leyland has less than 20 per cent. of the market while the importers have almost 50 per cent.; and it was in heavy trucks that Leyland originally made its name.

The lack of a competitive heavy vehicle range and adequate investment resources has had even more important consequences on Leyland's position in a wider European context. While its competitors from overseas — Mercedes, Volvo, Scania, Fiat, DAF, MAN —have been rapidly developing pan-European sales networks during the past decade, Leyland has established its position only in the Low Countries and Northern France.

There has been, of course, a strong argument for the company to maintain its main exporting effort in the third world markets—in which it has traditionally specialised—rather than in Europe. But Lord Ryder took the view that Britain's accession to the Common Market and the lowering of tariff barriers have made it imperative for Leyland to develop a European-type business: unless it does this, the argument goes, it cannot protect its position against importers in the U.K., and would not be able to serve the expanding group of British hauliers who operate routes across the Continent. Both Ford and Bedford, the Vauxhall/General Motors subsidiary, have made similar decisions to expand from their British base into Europe within the last few years.

There are three things Leyland needs to become a force in Continental Europe: a strong distribution network: a new truck of over 32 tons capable of taking on the opposition; and a range of vehicles under the Leyland name to attract customers who want to standardise on one marque and to satisfy dealers who need a variety of products to sell.

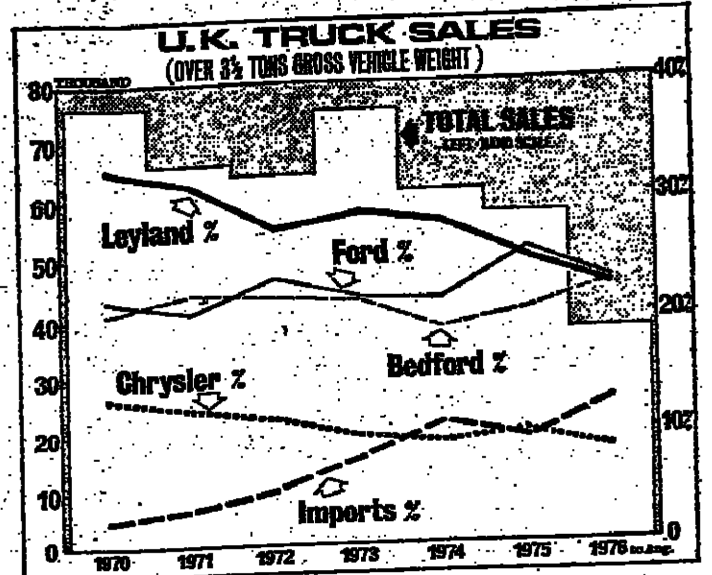
Of these, perhaps the most serious problem is establishing a dealer network, since Leyland is starting from scratch in key markets like Germany and Italy. The only quick way of establishing itself would be to shortcircuit the problem by linking up with an overseas manufacturer, but options here are now severely limited; and because of the weakness of its car dealerships in Europe it does not have the ability that Ford and Bedford have to build on their parent companies' car distribution systems. Leyland executives appear to have accepted that these distribution difficulties are so deep-seated that there is little likelihood of reaching the Ryder target of 5 per cent. European penetration within the period allotted.

The development of a new heavy truck and a rationalised product range for Europe comes back to the issue of how Leyland should reorganise its manufacturing resources. The company's present range of plants and models is a legacy of the buying spree on which it embarked about 20 years ago. This was initially designed to mop up some of its major competitors in the heavy truck business—Guy, Scammell, AEC and Albion are all manufacturers in the heavy class—and the final merger with BMC brought the Bathgate range of light and medium weight vans and lorries into the company as well.

As a result of this spate of mergers, Leyland to-day has a wide spread of production facilities, including six assembly works and 14 plants.

Compared with the most effective of Leyland's European rivals, this seems a wasteful use of resources. Mercedes, for example, makes all its lorries and vans in only three plants, the largest of which, at Worth, can turn out 100,000 medium and heavy units a year, and Scania makes all its lorries of more than 15 tons (the sector which embraces the AEC, Scammell, Guy and some Leyland marques) in one plant—at a volume of 17,300 against Leyland's 12,000 last year.

At the same time, the Continental manufacturers are continuing to develop larger groupings which should lead to greater efficiency. Fiat, for example, has linked up with Magirus Deutz in Germany to form Iveco, a company with manufacturing units in Italy, Germany and France, while Saviem and Berliet have been pushed together with the help of French Government finance. Leyland, which is much smaller than Iveco, and even smaller than Mercedes, needs to reorganise quickly to face the challenge from these new European forces.



Integrated structure

Since Leyland was reconstructed last year, there have been several indications that its truck and bus division is moving towards a more integrated structure. The Guy plant at Wolverhampton is being turned over to component manufacturing; Albion in Glasgow is being replanned as a light and medium weight axle producer; and the engine lines at Bathgate are being expanded. The company has also announced that there will be a major new assembly facility at the Leyland works in Lancashire.

Taken together, these developments suggest that the management wants to centralise its heavy vehicle production in Lancashire, and its light and medium weight lorry manufacturing at Bathgate. It may well be that it is eventually aiming to have just the two sites for assembly, and to use the other plants as satellite component producers.

There is a crucial difference, however, between U.K. and European truck production which may favour Leyland despite these size limitations. Continental manufacturers make virtually all major components in-house—Mercedes, for example, has an engine plant in Mannheim capable of turning out 100,000 units a year of various sizes. In Britain, by contrast, there is a healthy and vigorous components sector from which vehicle assemblers can buy major parts. Indeed Leyland buys virtually all its cabs and many of its engines from external suppliers.

In Britain, therefore, the scale economies can be achieved outside the vehicle assembler as well as internally. The real question that companies like Leyland face must be precisely how many of their components they can afford to make, and how much they want to give to suppliers. The indications are that Leyland wants to keep a mix. One of Mr. Pitcher's first jobs will therefore be to decide just how much further he wants to go in signing off investment in Leyland's own engineering.

Small increase in accountancy jobs

ACCOUNTANCY jobs are among the least susceptible to the general trends in unemployment, according to a survey published yesterday. The survey covered 142 employers and established that, while the overall numbers employed had fallen by 3 per cent. over the past year, accounting staff and others with allied work had shown a marginal increase of 0.3 per cent.

The survey, produced by Lloyd Executive, the recruitment company, in conjunction with Accountants Weekly, also emphasised that young and recently qualified accountants find more lucrative employment in industry and commerce than in accountancy firms.

For example, median salary for management accountants in industry and commerce was £5,500—and 28 per cent. of those surveyed also had a company car—while the median in the profession for audit seniors just below supervisor level was £4,600, with company cars being virtually unheard of. On the other hand 93 per cent. of audit seniors would be paid for overtime, against 2 per cent. of those in industry.

Among employers surveyed, 44 were service companies, 75 manufacturing companies and 23 were professional firms. A total of 5,113 accountants and other financial personnel, each matched with one of 35 clearly defined jobs, were embraced in the survey.

What Price an Accountant?, Lloyd Executive, 50-51 High Holborn, WC1V 6ER, £38 for non-participants.

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FRIDAY, OCTOBER 8 1976

Sacrificing the future

THE Government has acted with commendable speed to break the impasse which had developed again in the financial markets after the short-lived success of its previous funding initiative. The Chancellor's 12 per cent. forecast of monetary growth has clearly become a target; the hope is that when it is seen that monetary policy is being enforced with determination, confidence will be restored and that the letter of intent to the International Monetary Fund re-stating existing objectives will be more plausible. The short-term tactical objective of getting funding restarted may well be attained: but existing policies have clearly been discredited by the effort to enforce them.

Undermined

The fact is, as Ministers will very quickly learn if they are not already aware of it, that interest rates at the level now in prospect completely undermine the Government's central industrial strategy. The Chancellor has no doubt been advised that if the operation is successful, the present peak in rates will be short-lived. This means only that they may soon come back to a range which until yesterday would have been regarded as an historically high crisis level. There is no realistic chance of their returning to a level which industrialists would regard as acceptable as long as the effort continues to finance the present borrowing requirement by traditional methods. Interest rates are now 4 per cent. higher than they were when industrialists responded last month to the latest survey of investment intentions by the Department of Industry. They are also 4 per cent. higher than a year ago. Inflation, meanwhile, is 10 per cent. lower. The implications for investment and growth are self-evident.

The authorities claim that the present measures have nothing to do with the International Monetary Fund, and would in any case have been necessary simply to enforce existing policies. The claim is perfectly believable, but it only reinforces the conclusion that the Government will have to change its existing policies and methods—regardless again of any demands from the Fund—simply to preserve some hope of achieving its own long-term objectives. For the moment the immediate objectives—the possibility of funding, the defence of sterling, and some improvement in the balance of payments—are being pursued by depressing the home economy in the most damaging way conceivable: by inhibiting investment.

The measures announced yesterday might have been designed to prove that thesis. Last year, a rise of 2½ per cent. in official lending rates was sufficient to launch a large funding operation. This year the rise has been 5½ per cent., and it is still far from clear whether investors carrying a four-point loss on a tap stock taken up only a fortnight ago can be persuaded back to the market again. If they can, it is essential that future tactics should aim as a minimum at a steady funding of the borrowing requirement as it arises; preferably funding should run ahead of need.

Excessive burden

However, no amount of financial skill, so sadly lacking up to now, will alter the basic fact that the Government must make a choice between its short-term and its long-term objectives. An excessive fiscal deficit necessitates excessive monetary restraint, and raises the cost of credit. Thus the protection of unproductive jobs in the public sector to-day reduces both present and future employment in productive industry — in the capital goods industries to-day, and in the whole of productive industry in the future. The only effective way to restore financial confidence and to restore the investment momentum which had so recently begun to appear is to reduce the fiscal burden — and that means a further rapid and substantial cut in current spending. This again has nothing to do with the International Monetary Fund. It is the only way to preserve the most important of the Government's existing policies — its industrial strategy.

Total disbelief

AT THE end of a day on which the consequences of the Government's inability to control its own spending had been demonstrated to the world, an announcement came from 10 Downing Street which must have been greeted with total disbelief. By inviting Sir Harold Wilson to chair the committee of inquiry into the country's financial institutions, the Prime Minister has turned what might have been a serious study into a political knockabout. It is a straightforward sop to the Left.

After the Labour Party conference decision in favour of nationalising the banks and insurance companies, Mr. Callaghan was clearly anxious to ensure that the committee of inquiry had a tough, aggressive look about it—no whitewashing allowed. The Left of the Party may be satisfied, but for everyone else the prospect is a committee which will give full rein to Labour's prejudices about the City and chase every political hare in sight.

A bad example

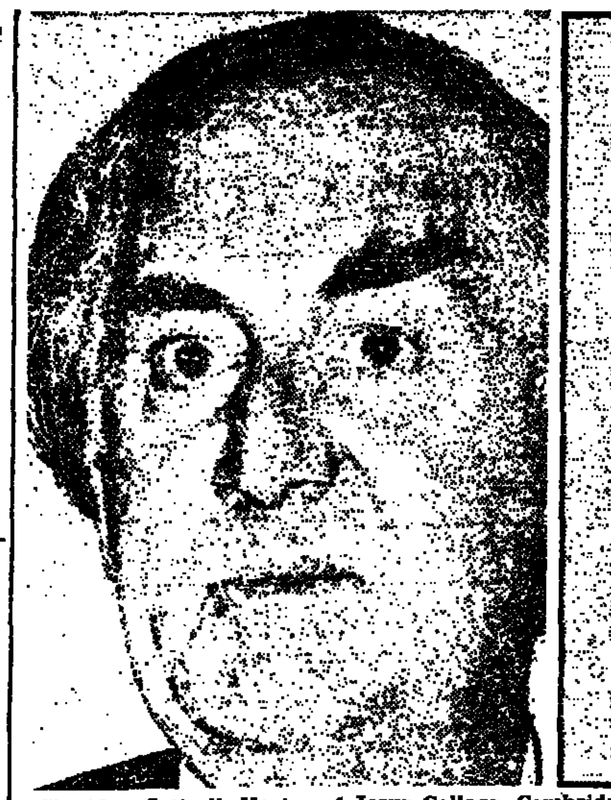
THERE ARE TWO related reasons why the presence of foreign troops in West Germany is of major importance both to the Germans themselves and to the Atlantic Alliance as a whole. The first concerns the concept of forward defence. West Germany is not only a front-line country, it is also geographically very narrow. In the event of an attack, it would be very quickly overrun if there were no immediate resistance. The option—to use the military jargon—of trading territory for time or, in other words, allowing the enemy to advance while making up one's mind what to do about it, does not exist.

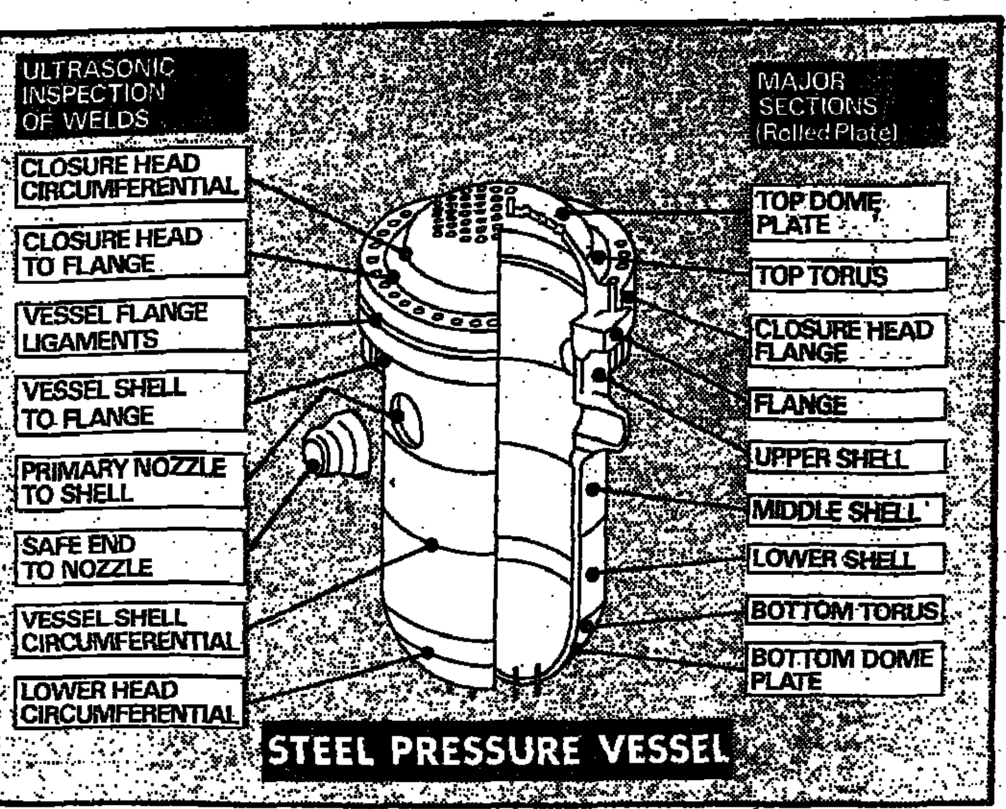
Deterrence

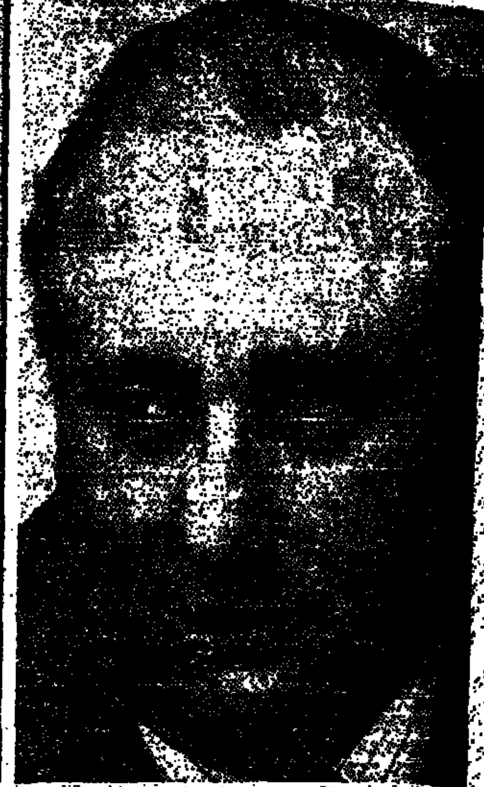
The second reason goes to the very roots of the Alliance. It is that an attack on one member should be regarded as an attack on all. Successive West German governments have valued the presence of foreign troops on their soil as a guarantee that this pledge will be taken seriously. The stationing of Belgian, British, Canadian, Dutch, French, or U.S. forces in Germany has been taken as a visible sign of the allied commitment. The sign has presumably not been lost on the Warsaw Pact and is therefore part of the strategy of deterrence.

Reports that the French Government is now preparing to cut its troops in Germany by as much as one-sixth to a level of under 50,000 are therefore disturbing. Admittedly the French are in a special position as members of the Atlantic Alliance but not of its military organisation. It is also true that their troops have been mainly stationed close to the French border and not in the front line. Yet the fact remains that, despite the independence of French policy, the liaison between the French and German forces has been close at staff level and there has been every reason to believe that France would not remain aloof if West Germany were attacked. Until very recently, indeed, the French forces in Germany were counted as part of the combined Western troop level in the negotiations on East-West force reductions in Vienna, although the French do not take part in the talks. There has been no adequate explanation from Paris as to why the French now object to such counting, nor of the reports of troop withdrawals.

The Germans themselves said yesterday that they had not been informed of French intentions, and it may be that there is still time to reconsider. Perhaps the Germans might agree to make some financial contribution to the cost of keeping the French on the spot, as they will undoubtedly be pressed to make a new contribution to the British now the German elections are out of the way. What is clear, however, is that the subject of foreign troops in Germany is too important to be discussed at the purely bilateral level. The discussion must involve the Alliance as a whole.







Sir Alan Cottrell, Master of Jesus College, Cambridge (left), and Dr. Walter Marshall, deputy chairman of the U.K. Atomic Energy Authority, with a sketch of a 428-ton PWR vessel, showing major sections from which it is welded and crucial points requiring ultrasonic inspection.

A reactor controversy

By DAVID FISHLOCK,

IN a letter to the Financial Times in June 1974, a few weeks after retiring to Cambridge from his post as chief scientific adviser to the British Cabinet, Sir Alan Cottrell wrote of his fears if Britain should choose the U.S.-designed light water reactor. These fears—voiced by a top metallurgist and one of the world's foremost authorities on nuclear reactor containment—centred on the big steel pressure vessels required by the U.S. reactors, and whether they could be made and inspected to standards of engineering up to the stresses involved.

Sir Alan ended his letter: "When the consequences to the general public of such a failure are as uniquely grave as in the reactor case, it would be wise to choose a system less critically dependent upon human perfection than the steel pressure-vessel water reactor."

A few months earlier Sir John Hill, chairman of the U.K. Atomic Energy Authority, had asked Dr. Walter Marshall, his research chief, to undertake a study of this highly critical component. Dr. Marshall assembled a dozen experts and, at that time, believed he would be able to report confidently on the integrity of nuclear pressure vessels within a few months.

But Sir Alan's intervention subtly changed the course of the study. Sir Alan was raising the question of "fast fracture" and whether circumstances could conceivably arise in which a steel pressure vessel—in chemical terms, the reactor—might rupture catastrophically, possibly releasing the radioactive cloud from the nuclear fuel it contained.

It has taken Dr. Marshall almost three years to complete his study, a 156-page summary of which is published by the U.K.'s AEA today*. There can be no question that, scientifically, it is a remarkable document on what, scientifically, proved an extremely difficult task: and one that will be devoured avidly by every nation with nuclear aspirations. Sir Alan Cottrell's comment yesterday was: "A splendid technical report, which takes the technical side of the question about as far as it can go. Beyond this it's a matter of judgment and policy."

But the central question must be whether it assuages his fears and doubts about the integrity of those leviathan engineering structures, because since the point of his intervention those fears had become the focus of the study. Dr. Marshall himself has acknowledged that the reason why it took so long to reach firm conclusions was in itself a major justification for the questions raised by Sir Alan.

Sir Alan not convinced

The U.K. AEA, of which Dr. Marshall is now deputy chairman, clearly believes that the study now satisfies those questions. It feels confident that, given some fairly severe new conditions called for in the Marshall report, the Chief Nuclear Inspector will be prepared to license U.S.-designed light-water reactors for construction in Britain. The Authority's chairman has said as much to Mr. Wedgwood Benn, Secretary for Energy, in a review of U.K. reactor policy undertaken this summer.

Sir Alan, however, remains unconvinced. He accepts the report and its 40 "essential recommendations," observing that of the many important technical points raised he found three "particularly striking because of their newness," and that the conditions recommended would contribute a "key improvement in the perceived safety of PWR pressure vessels."

Sir Alan's doubts lie a little further in the future. He acknowledges that if the Marshall report's recommendations for manufacture, inspection and operation are meticulously followed, the PWR vessel could be brought into service under current U.K. safety requirements. But he points out that the report concedes that, although the pressure vessels are designed for a life of 40 years, it cannot guarantee that the standards of perfection demanded at the outset will remain unchanged throughout the life-span. In fact, the report calls for a considerable amount of further scientific effort to try to keep track of metallurgical changes as the pressure vessel ages.

To try to set the problem in clearer perspective, a description of the pressure vessel is necessary. The vessel needed for a 1,300 MW pressurised water reactor—the size the Central Electricity Generating Board was proposing to buy in 1973-74—is a truly formidable engineering structure, which only a few years ago would certainly have lain beyond the bounds of mechanical engineering. It has grown to this size from experience gained during the 1950s in making pressure vessels for the diminutive reactors—around 50 MW—required for the first nuclear submarines.

The vessel — in effect, the reactor — stands 44 feet tall, weighs 428 tons, and consists of nine or ten sections of specially tough steel. Most of this steel is 6.75 inches thick, but in places of special stress it is more than twice as thick. Perhaps the structures it most closely resembles are the armoured plating on old-fashioned battleships, on gun turrets, for example.

Heat from the nuclear fuel stacked inside the vessel is carried away by water, which raises internal steam pressures of over 2,300 lbs per square inch under normal operation, at a temperature of 327 degrees Centigrade. But both temperature and pressure will rise and fall as the reactor is started up or shut down, and during normal operations as the electrical demand on the power station changes and through "transients," or sudden surges of energy from the reactor. This in turn superimposes immense mechanical stresses on the already highly stressed vessel.

The most familiar consequences of these cyclical changes is that, if they are too frequent or large, the steel may in time be subject to fatigue. In addition, bombardment by neutrons from the nuclear reactions gradually makes the steel brittle. On top of this could be imposed extra thermal stresses if, for example, a rupture outside the pressure vessel caused its water coolant to drain away quickly, necessitating a deluge of fresh water from the emergency cooling system to prevent the nuclear fuel melting.

What Dr. Marshall set out to show was whether, and under what conditions, these vessels could be manufactured and maintained so that under no conceivable combination of operating conditions would the vessel abruptly rupture. In a letter appended to the report, which he wrote to Sir Alan in June, Dr. Marshall says: "The simple fact was, as you pointed out, that the U.K. did not know sufficient about this technology, and it was not obvious from the published literature that other countries, primarily the Americans, had covered it in the detail we would require. It is, therefore, my opinion that you were fully justified to ask the questions you did two years ago."

But Dr. Marshall goes on to say that his study group now fully understand the complex interactions and, having completed a large number of calculations of their own, have come to the unanimous judgment that satisfactory answers can be provided.

Thermal shock risks

In replying, Sir Alan picks out three new conditions or findings. First, the Marshall report states that the reactor should be operated within much narrower limits to minimise any risk of metal fatigue in the vessel. (The Nuclear Regulatory Commission, U.S. equivalent of Britain's Nuclear Installations Inspectorate, is already implementing this requirement.) Second, the deluge of emergency cooling water should be hot, to minimise risks of cracking the vessel through thermal shock

A third finding which impressed him was that rigorous ultrasonic inspection, capable at present of detecting any defect more than about 1 inch in length, could reduce the probability of failure 100-fold; but that without such inspection the probability of PWR vessels failing under operational conditions was "*significantly greater*" than the top limit for non-nuclear pressure vessels.

On the science and maths of the matter, Dr. Marshall is sure that he and Sir Alan—two eminent Fellows of the Royal Society—are only a hairsbreadth apart. He suggests as much in a letter to Sir Alan last week, when he said: ". . . you are choosing to make the same points that we have made, but with a different emphasis." For example, while the Marshall report says that the integrity of the pressure vessels is assured *provided* the figures it has assumed are confirmed, Sir Alan is saying that *until* they are confirmed safety is not guaranteed.

Sir Alan remains convinced, however, that while alternative reactors are available a congested community such as Britain, which needs to locate its power stations close to large urban centres, should not embark on a nuclear system which plainly demands standards of inspection and quality assurance far beyond established practice in heavy engineering.

Sir Alan has been strongly in favour of the "steamer" (Steam - Generating Heavy Water) reactor, a pressure-tube system which uses a multiplicity of small pressure vessels in place of the single large vessel of the PWR. He argues that not only will such tubes be easier to make and inspect to the standards demanded, but should they show signs of deterioration in service they can be replaced, while the pressure vessel cannot.

Although the Marshall report itself does not bring out the point, it has become apparent from the effort to work up a design for a commercial-size "steamer" that a quite different feature of this reactor is almost directly comparable with the PWR. This is the steam drum, a much bigger component which, it is now accepted, [...] manufactured and [...] pressure-vessel standard[...]

Sir Alan himself conc[...] point—one, incidentally[...] has not formally been[...] with him—but goes on [...] out that the steam d[...] merely accumulating [...] pressure steam, but un[...] pressure vessel it does n[...] tain nuclear fuel. Even[...] for whatever reason—[...] the cost of launching [...] reactor when domest[...] are bound to be [...] British Government [...] drop the "steame[...] Canada's Candu affor[...] native.

Sir Arnol[d] concedes

How realistic an alt[...] Candu might be is not [...] gauge, in a situation [...] there will inevitably be a[...] effort mounted this an[...] not least by the unions [...] tinue with the 4,00[0] "steamer" programme [...] approved by the Gove[rnment]. Even though the U.K. A[...] acknowledged that, with [...] orders in prospect, [...] would be best advised to [...] the PWR, it has rece[...] public support so far fr[...] electricity industry. Mo[...] Sir Arnold Weinstock, ma[...] director of GEC, who [...] believes that he made [...] cial sense of the CEGB's p[...] a big programme of [...] through a tripartite co-op[...] between Westinghouse [...] and the French nuclear [...] try, concedes to-day th[...] scheme cannot be revive[d].

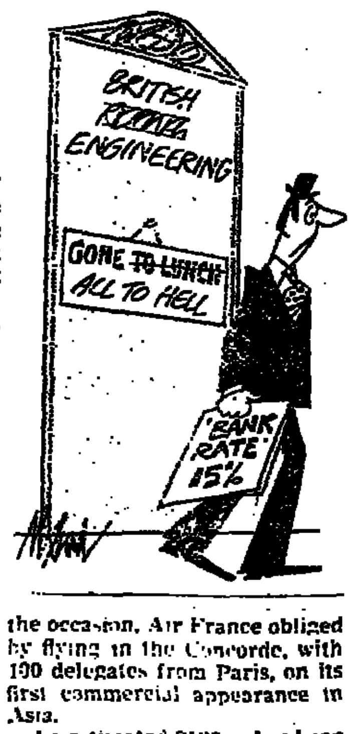
In the event, the most [...] outcome, now that the [...] Britain's long-delayed ad[...] gas-cooled reactors (AG[R]) [...] performing satisfactorily, [...] the Government will set [...] more AGRs, and not [...] "third front" while still f[...] battles against nuclear e[...] opponents over fast react[...] nuclear wastes.

*An assessment of the Integrity [of] Pressure Vessels: published by [the] Atomic Energy Authority, 11 [...] Street, London, S.W.1.

MEN AND MATTERS

Manila, what a wonderful town . . .

Mention International Monetary Fund and most insular Britons will assume that the conversation's turned yet again to our collective penury. But the annual meeting this week of the IMF (and the World Bank) has proved quite an opulent event, with the traditional hospitality ideals of the Philippines working at full stretch. At the same time, within the country there have been echoes of what you might call the Montreal Olympics argument—in other words, what do we do with all the facilities when this lot has gone home?



Each delegate's introduction to Manila was to be met at the airport and garlanded with flowers by smiling Filipino hostesses before being whisked off by limousine to newly-built hotels.

Every evening since Saturday has seen a lavish reception. On Monday Mrs. Marcos, the first lady, staged an elaborate cultural show which she opened with a fiery political speech on the virtues of the Marcos Regime which listeners interpreted as a further step in her bid to become the Eva Peron of the Philippines. The evening culminated with an extraordinary spectacle as performers dressed as savages pranced in the aisles and a choir in military uniforms sang the Hallelujah Chorus.

To coincide with the IMF meeting, a Manila arts festival is being staged which includes performances by Margot Fonteyn, Van Cliburn, Montserrat Caballe and the Bolshoi Ballet — again under the patronage of the First Lady, who also happens to be governor of metropolitan Manila. To contribute to the overall prestige of the occasion, Air France obliged by flying in the Concorde, with 100 delegates from Paris, on its first commercial appearance in Asia.

An estimated $130m. has been spent on the conference centre complex, one of the most luxurious in the world, and perhaps another $300m. on hotels, in a number of which relations of the first family have interests. Much of this was Government money, and questions have been asked as to whether it might not have been better spent — on developing the country's backward rural areas for example. Even the Government itself is worried that some of its visitors may feel that the hospitality is a little sumptuous for a developing country.

The hotels themselves are also objects of controversy. Who is going to fill them, it is asked, when the 5,000-strong IMF circus has left town? Nearly all of them are luxury rather than tourist class, and Filipinos are already looking forward to the prices plummeting once the carnival is over. Some of the hotels are barely finished, and delegates tend to be woken by workmen completing the building around them in the early morning hours. The demand for malaria tablets has rocketed as mosquitoes penetrate even the plushest bedrooms, although officially Manila is malaria-free.

Otherwise the security of the delegates is being well looked after. Uniformed police, many of them young and female, stand guard outside their doors day and night. It is said, though it is obviously difficult to tell for sure, that plainclothes police and informers are everywhere. The local citizens' action committee, a Government-sponsored organisation, is on hand to pick up visitors astray after the midnight curfew and rush them home before the military police arrive.

But the authorities are not hard on foreign curfew breakers. The magic password "IMF" is usually enough to get the visitor out of trouble, and delegates can in any case easily procure small green curfew passes to which they need only apply their left and right thumb prints. Almost everywhere in town an IMF pass is enough to ensure the visitor a smiling welcome, and understandably, an extra few pesos on the bill.

Bets off

Recent twists in the American presidential race have had an unusual side effect in London. Until a few weeks ago, Jimmy Carter looked fairly safe, and one of the reasons that is no longer so seems to be an interview he gave in Playboy magazine. Some of his franker thought ("I've looked on a lot of women with lust . . . I've committed adultery in my heart many times") have not gone down well with durably puritanical sections of the electorate.

The magazine carrying the interview has yet to be published in Britain, where several bookmakers have been doing a steady business on the November contest. Among them has been the Playboy Bookmakers operation—but on orders from Chicago headquarters, the firm has now stopped taking such bets. The official explanation is that having been involved in a controversial aspect of the campaign itself, taking further bets would be inappropriate. Playboy's last odds before the ban: 4-9 Carter and 7-4 Ford.

Motoring tip

Earlier this week I wrote about Jiri Pelikan, the Czech exile and Dubcek supporter who at the very least can be described as a critic of Soviet policy towards his country. Despite the sad turn that life has taken there, Czechoslovakia retains a firm reputation as a source for jests about getting along with big brother.

For instance, another Czech of my acquaintance claims that as part of Russia's policy of publicising its own merits, a posse of learned Russians went to Czechoslovakia to take part in a question-and-answer session on radio and television. One item about the Russian-built Volga car went like this:

Q. Can a Volga go round a 90 degree corner at 100 kilometres an hour?

A. Yes. But only once.

Drama

Neat headlines spotted this week: the Morning Advertiser described soccer rowdies as "hoolifans," and the Sporting Life front page declared "WONG WAY GIRL WILL BE HAPPY IN THE MUD." Don't doubt it.

Observer

The advantages of batting second

"OF COURSE," said the elder statesman, surveying the carpet of the Brighton Metropole with satisfaction. "It's a perfect wicket. Bags of runs in it, I should say." He might, while he was about it, have added something about the advantages of batting second. The fact is that after Labour's performance at Blackpool last week, the Conservative conference could hardly fail. It is one of those occasions when every shot, however chancy, goes to the boundary.

And yet the cricketing metaphor seems strangely out of place—partly because it conjures up a leisurely country-house image, light-years away from the packaged ski-holidays and wine and cheese parties of modern young conservatism: and partly because the kind of runs scored at party conferences are such strange, insubstantial integers. It is child's play to make the Labour Government and its supporters look disunited and impotent this week. It is another matter for the Conservatives to compel belief as an alternative Government. No one can predict for certain which parts, if any, of this week's proceedings will stick in the minds of the electors but my own hunch is that while the Conservatives have made some solid gains, they have not yet established that their hour has struck.

What, then, are the pluses? Far the most important is a subjective sense of unity within the party. Some of this, of course, has been produced by the spectacle of disunity on the opposite side and the prospect that office might not be so far away. Some, however, is certainly due to the strategy document *The Right Approach*. Commentators, including myself, can write till our fingers are numb of the inner contradictions which lie behind the surface of its admirably polished prose, but we shall do nothing to impair its effectiveness in at least two important respects.

It has given the faithful party workers a piece of Holy Writ on which to base their missionary activities. What is needed for this purpose is not so much coherence as authority and the imprimatur of a united hierarchy. After being told by half the leadership for the past two years that everything done during the previous reign was heretical and by the other half that everything done since was schismatic, some new doctrinal synthesis, however cobbled up, was absolutely necessary. It is astonishing that the Shadow Cabinet should have been deeply divided right up until late July about the wisdom of producing the document at all. But even the most ferocious doubters are now striding about the conference corridors, their faces aglow with virtuous pride of authorship.

Then *The Right Approach* has affected more than simply the party at large. It has also, in a more subtle fashion, done something to the Shadow Cabinet itself. The divisions between the two poles of the leadership still exist. But the process of actually having to sit down together and produce a creed which they can all live with has concentrated minds and imparted a kind of corporate responsibility which had never existed before. If the platform looks and sounds more like a team than at any time since the change of leadership, that transformation has probably been achieved in the course of this exercise.

What is true of strategy is equally true of personalities. What has been worrying the party about Mr. Heath's feud with Mrs. Thatcher is not so much the limited reality of their former leader's capacity to do the party harm, still less his detailed criticisms of policy. The problem has been that the *Thatcher leadership has in some* important way seemed to lack legitimacy so long as Mr. Heath failed to give it a token of acquiescence. The continuity of the succession was felt to have been broken. Talking to Conservatives outside Westminster this last year one has sensed an almost mediaeval superstition about this. Ted Heath has been an impossible King but he had, after all, been the Lord's Anointed, and his deposition must inevitably cause a curse to fall on the Conservative House unless he himself bent the knee to his successor. It matters very little, from this point of view, whether Wednesday's reconciliation is genuine *or not. To the party, the* important thing is that the gesture has been made and the new era can now start in earnest.

The removal of these barriers to unity is bound to release a certain amount of new energy—and that, after all, is at least half of what party conferences are about. The other half is the projection of a mixed collection of politicians as a credible government; and here, it must be admitted, this week's progress has been less spectacular. The usual fulsome gratitude of Conservative conference chair*men to front-bench spokesmen* ("I'm sure the conference would wish me to thank you for responding so *very* fairly, frankly and forcefully to our debate") cannot conceal the fact that some fundamental changes in the "shadow" Cabinet are still required. As one lady delegate put it: "Front-bench musical chairs are not enough."

On the other hand, familiarity breeds a certain amount of tolerance. The most conspicuous beneficiary of this rule during the week has been Sir Geoffrey Howe who has graduated by his own efforts from being one of the most somniferous speakers in Britain to being no more than a mild opiate, but is in any case now accorded the respectful hearing due to a man who is obviously gaining mastery over his subject and may, after all, be the next Chancellor. As time passes it does become less plausible to say that the Conservatives could not form a government of competent individuals. They may not be the world's most charismatic luminaries—but then, look where the "weight" and "brilliance" of the Labour front bench has got us.

All this a very reasonable dividend from one week's political activity. It will be consolidated if Mrs. Thatcher manages in her speech to-day to break out of her strictly Conservative, middle-class mould and speaks for the first time to a national constituency. But it is important to be clear where *the limits of success so far lie.*

In the first place, while the sensation of unity is an important political fact in itself, it cannot be an entirely adequate substitute for the real commodity. "*The Right Approach*" does not represent a real settlement of the main divisions within the party so much as an agreement to disagree. This agreement is, as I have said, *perfectly adequate for the rank* and file, who are not likely to be asked searching questions on the doorstep on the subjects of monetary policy and dividend restraint. But at other levels the concord is still of a provisional nature.

On the central front—that is, monetarism versus incomes policy (to use a convenient shorthand)—a stalemate has been reached which both sides have, in effect, left it to events to break at the time of a Conservative accession to power. The monetarists believe that cir*cumstances are bound to be so* desperate that a stupendous hair-shirt regime will be clearly necessary as well as possible. The anti-monetarists believe that political reality will ensure that something far more gradual and eclectic is adopted in order to avoid a cataclysm of bankruptcies and unemployment.

This is hardly detente. But assuming that we adopt that *word we must not be surprised* to find that sporadic fighting and competition break out on the peripheries of the global battlefield. During the present week the main seat of conflict has been the question of the relationship between a future Conservative Government and the trade union movement—an area which it is clear both from the strategy document and from conversation, that the leadership is in at least two minds. And when a truce is called here disputes are quite likely to break out elsewhere.

Just how serious these differences turn out to be will depend very much on the mood of the monetarists—a fact which constitutes one of the most striking changes to have come over Conservative politics in the last 12 months. Last year it was the supporters of Mr. Heath who allowed their bitterness to colour the argument, for they saw themselves as fighting a desparate rearguard action for power and for the future of the party in the face of an onrush of free-market ideology. This year the bitterness tends to break out among the free market brigade who suspect that a successful counter-revolution has been staged blunting the cutting edge of their new ideas and leaving all the old, compromised posteriors firmly ensconced in the seats of power. These people, mainly in the Parliamentary and academic sectors of the party, can console themselves, up to a point, with the monetarist passages in *The Right Approach*, but the purity of the revolution has been lost for the time being and it remains to be seen whether they intend to try and return to the charge.

> ... it is conceded that Mr. Callaghan could well survive for another two years. This realisation has not made the preparation for the hour of destiny any less serious, but it has removed some intangible sense of urgency. Brighton is not yet where history is being made. We have been watching a future conditional.

Some apologia

Where does Mr. Heath fit into this story? The answer is that by his existence and his attitude he has contributed something to the counter-revolution — the proof of which is that the first draft of *The Right Approach* had to be altered in order to provide some apologia for 1970 to 1974. On the other hand *former Heath colleagues like* Mr. Whitelaw, Mr. Prior, Mr. Gilmour and Lord Carrington, have done most of the actual fighting and would have fought even if Mr. Heath had somehow removed entirely from the scene. His position after his dramatic intervention on Wednesday is virtually unchanged. He has done just enough and no more to avoid being branded, like Enoch Powell, as a traitor and his options therefore remain open. If, as he may well half-hope, the Labour Government goes down under circumstances calling for a national coalition he would be ready to take his place at the head of it (an almost inconceivable outcome, but never mind); or if events run a more traditional course he can throw his weight behind the Conservatives. In the meantime, naturally, he will continue to address the British public over the heads of the Conservative leadership.

The politics of Opposition parties is always hard to assess. Their chemistry is obscure and unexpected. One moment they are in the midst of appalling internal dissension. The next, a drop of some new ingredient is added and the reaction "turns positive" (to use the dreaded words of Mr. Wedgwood Benn). One suspects that the new in*gredient of Conservative politics* this autumn has been the sterling crisis and the sudden difficulties of the Labour Party. This has immediately altered and clarified the Conservative brew but is also, perhaps, the reason why the reaction seems somehow incomplete.

It is understandable for tactical reasons that Conservative leaders should have come to *Brighton talking of an early* election. Some of them, in the excitement of watching the Blackpool schemozzle, may even have believed in the notion. More realistic thoughts now prevail and it is conceded in spite of the events of yesterday that Mr. Callaghan could well survive for another two years. This realisation has not made the preparation for the hour of destiny any less serious, but it has removed some intangible sense of urgency. Brighton is not yet where history is being made. We have been watching a future conditional.

Letters to the Editor

Pies and fingers

From Mr. C. Jeanes

Sir,—Now we have the Conservative Party offering its enticements to the small businessman (October 5). Coming from this source the offerings are not unexpected: a reduction of corporation tax, a training Board, raising of the VAT threshold, the establishment of a small businesses commission. All very worthy, no doubt, but somehow we seem to have heard it all before.

Politicians of all persuasions of recent years seem to have decided that small businessmen form a constituency in their own right. If this is so, then I am sure that most people who consider themselves as coming within this category would join me in saying to the politicians of all Parties: will you please recognise that what we most want is not more Government assistance, but less Government interference.

Small businesses need the full attention of their managers and owners and cannot spare people to sit on commissions and committees, as large organisations can. Small businesses are not well placed to deal with the ever-growing demands for *reports arising from legislation* that has proliferated in recent years, often doubling or tripling the paper work that needs to be handled. Small businesses will pay the taxes that are levied on them, but would welcome a simplification of the methods for assessing and collecting these.

Small businesses provide a significant part of the entrepreneurial thrust of British industry as a whole. Free the small businessman to do what he is good at: run his business, develop new products, exploit export opportunities. Let him create wealth: it is wealth for the country, and it will provide more and better paid jobs for employees. Remove the restriction on wages, prices, and profits, and let the small businessman operate in a truly free market, both for labour and for his products. Let there be encouragement, not penalties, for the *people who can create higher* profits, and this means letting owners and employees alike keep more of what they earn, both for their business and for themselves. Stop spending our taxes to provide us with assistance that we neither seek nor appreciate.

To paraphrase a famous American industrialist: "What's good for small businesses is good for Britain." If enough politicians can be persuaded that this is correct, then perhaps we will begin to see a decline in the well-intentioned but misguided assistance that we are *offered* and in the amount of legislation and paperwork with which we are burdened, and a growth in confidence and prosperity at the "grass-roots" level of industry, which must be of benefit to the British economy overall.

C. F. Jeanes.
"Fireways," 4, Ollerbarrow Road,
Hale, Altrincham, Cheshire.

Management of the U.K.

From Mr. I. Mitchell.

Sir,—Like many of your correspondents I am convinced that Britain is very tired of the present *Party* system of government.

As practised, Party government does not accord with the principles of democracy. One of these is that leadership is accountable to all who accept its direction, and not just some. That is, any would-be leader must submit to election by those he represents. He is not permitted to discriminate between those who are likely to support him, and those who are not. Now an MP has to submit himself to all his electorate regardless of their party affiliations. The Cabinet or executive do not. While proclaiming democracy for others, they deny it themselves.

The executive management of this country is in the hands of individuals who have never submitted themselves to election by our legitimate representatives, and only the chief executive has submitted to any election and that effectively by a sectional interest not accountable to the nation. When the chief executive chooses his team, he discriminates against some of the representatives of the nation on the grounds of political colour. Party government means the promotion of that sectional interest, not the national interest.

Only when we get a properly elected executive, in the way every club in the land operates, will we get stable government creating consensus policies, that is, true majority rule, not majority party rule.

I. C. N. Mitchell.
Moselle,
Greenock Road,
Largs, Ayrshire.

A sensible Government

From Mr. T. Simms

Sir,—Sir Frank Taylor (October 1), Mr. Inman (October 5) and other contributors have advocated a national Government, a "centre" Government, a coalition—a Government of hand-picked people who bury their partisan allegiance. These mirror the disillusionment and growing awareness in the country of the truth of Samuel Brittan's final sentence (September 30), in which he sums up our predicament as being due to a failure of our political system and surrounding establishments. They are outdated and completely inappropriate to our needs. The very shape of the building in which Parliament sits is wrong—the Albert Hall, being the right shape, would be much more appropriate ("people shape buildings — buildings shape people").

You should not close the correspondence on this topic without further expression of the enormous latent potential and real support for what we might call a "centre" party (*not* a coalition). But doesn't the initiative have to come from us, the electorate? If only those of us of this mind (70 per cent. of the nation?) would stand up and be counted and let our views and numbers be known, there would be no shortage of competent and dedicated (to the well-being of the nation) politicians to join our ranks.

One doesn't have to look far to spot those who could make up a sensible and effective Government—sensible because it would be more likely to be objective and realistic—and effective, because being more representative of the people and their needs, it would be more *likely* to be respected. It is up to us. In a "democracy" we do, after all, get the Government we deserve.

Terry Simms.
49, Heaton Grove,
Bradford 9, W. Yorks.

Make the Lords powerful

From Mr. R. Marston.

Sir,—The governing and Parliamentary system is unsatisfactory because it is out of date.

At the beginning of the century we had a two-Party system, ensuring the ruling Party had a genuine majority of the voters. Now we have several parties, resulting in a minority vote Government, that sticks its tongue in its cheek while it prattles on about democracy and mandates.

Again, at the turn of the century, we had an effective two-House system of government when the House of Lords could be relied on to battle with the Commons, if it thought it was in the interests of the country to do so. Since then the power of *the House of Lords has been* whittled away until to-day it is just a rubber stamp to the Commons.

To-day a Party seat majority is small, and even then it is subdivided into Left and Right, so it only takes a small, determined sub-party to force its views on the whole country. And now the first rumblings are being heard in the Socialist ranks that they want to do away with the House of Lords completely, ensuring there is no restraint of any kind.

What is wanted is a complete change in Parliamentary procedure in a way that would give back to the people a protection from the militant fringes.

Let the Commons remain as it is, if that is what it wants, but the House of Lords should be completely reconstituted and given powers to act. It should be manned on the system of proportional representation according to the votes cast in the General Election of the Commons.

This new House of Lords should have no powers to promote a new Bill, but complete powers of veto of any Bill sent to it by the Commons. Link this to a system of referendum, called for by a party in either House on any subject, the result to be binding for at least ten years.

This way the people of the country would have a full say in the running of the country.

R. A. D. Marston.
153A, Green Street,
Forest Gate, E.7.

Communal interest

From the Liberal Prospective Parliamentary Candidate, Royal Tunbridge Wells

Sir,—Joe Rogaly (October 5) hints at, rather than clearly defines, the various manifestations of inequality. His final sentence is a succinct summary of the problem. The £100-per-week man has never been allowed to experience self-respect whereas the £5,000-per-annum man is desperately trying to retain it.

We have moved too far toward material equality; equality of opportunity is now restrained more by parental influence and home environment than any other factors. Class division is an amorphous heritage which none can eliminate by legislation: it will only die with time, measured in generations.

I would suggest that the restoration of "working class" self-respect coupled with a fundamental change of attitude towards the display of privilege, with all its provocative "trappings," could be achieved relatively quickly. Much greater social and economic harmony would result.

At the one end of the scale, the £100-per-week man must be weaned into meeting his own basic family and social obligations. He must not expect as of a right indiscriminate subsidies in such areas as housing, etc. He should be eased into appreciating the true cost of all the benefits of the Welfare State by closer financial identification with each facility: this is done in many European countries and even Chinese communes.

On the other hand the £5,000-per-annum man must learn not to try to appear so different, at least where the two are forced into contact. Small issues, but why not come to work at the same time, why not the same length of annual holiday, why expect a designated car parking place, why not be more approachable and mix more freely in breaks in the working day? Above all he must not assume he is superior because he works with his head, not his hands.

If all were paid on the same basis, all worked on contract hours plus overtime, all lost pay in industrial disputes or lost bonuses for low productivity, the whole picture would be very different. Under such circumstances greater differentials based on skill, service or ability, would prove acceptable and the much-needed incentive might be restored.

John Crowley.
Glenshee, Maresfield Park,
Uckfield, Sussex.

Policy for tourism

From Mr. M. Bosman

Sir,—I believe that Mr. Edmund Dell, Secretary of State for Trade, must have had his tongue in his cheek when he described himself as Minister of Tourism at the annual meeting of the North West Tourist Board. It is true that his Department, among its other numerous responsibilities, is responsible within Government for tourism policy and development of tourism in England, but this is a far cry from the proposal to appoint a Minister or Under-Secretary of State solely responsible for tourism as desired by so many in the industry.

Furthermore, Mr. Dell's re*mark that those who advocate* the appointment of a Minister of Tourism or an Under-Secretary of State solely responsible for tourism are taking advantage of a sure-fire way of getting a paragraph in the newspapers is unworthy of him and displays a deplorable lack of sympathy towards the present concern of the industry regarding its relationship with Whitehall and Westminster.

Mr. Dell also warned that *while the Government had a very* real commitment to tourism, the small annual Government aid of some £20m. may, nevertheless, in the light of the present economic situation have to be reduced. It is difficult to reconcile this statement with the Government's declared policy of giving more aid to growth industries, of which the tourist industry is undoubtedly one and less to lame ducks. In other words, making better use of available resources.

Why does the Government not follow the French Government's lead in its attitude towards tourism which is not only dynamic but also highly attuned to the importance of tourism to the French economy? For instance, it gives a subsidy of £800 per room to a maximum of £40,000 per establishment for hotels in the one and two-star category. State loan facilities for modernisation of one and two-star hotels are also readily available. And *there are many* other measures.

The proposals are endless and fluid while ours in this country appear to be stuck within Government guidelines which, according to Mr. Dell, are planned for a five to seven year term, although he appears to have lost sight of the fact that four new policy guidelines were issued in November 1974 which have subsequently, according to Sir Alexander Glen, been reconciled as a result of continuing discussion with Government in which, needless to say, the industry was not asked to contribute.

Planning to meet the future needs of tourism is indispensable and desirable, but it is not necessarily achieved by the issuing of guidelines by the Government. It needs the establishment in conjunction with all those concerned of a powerful progressive and clearly defined national tourism policy.

M. A. Bosman,
Victory House,
Leicester Square,
London, W.C.2.

Inward or outward?

From Mr G. Bishop.

Sir,—I read with amazement an article in your edition of October 4 about Britain starting a three week programme to instruct 42 developing countries in selling their goods in the U.K. market. To add insult to injury, I understand that each of the 42 countries have sent two delegates to London at Impo-Expo's *expense.*

In view of the fact that our country has a big trade deficit and, bearing in mind, the current strong debate about import controls (I personally do not believe that import controls are the answer) how can we justify the cost and effort involved in an exercise that could well increase our trade gap?

Would it not have been a good idea for Mr. Healey and Mr. Prentice to have got together before this money was spent? Better still, why not spend the money instructing British companies how to improve their selling abroad.

G. D. Bishop,
6, Locke Gardens,
Langley, Berkshire.

Solar energy costs

From the Managing Director Futuristic Home Services.

Sir,—I am aghast at the remarks made in the letter from Mr. R. Tomkins (October 5). My company markets a solar energy panel (manufactured by Consumer Power Company) and we can show savings per house of at least £80.00 p.a., with an installation cost of approximately £550.

One does not have to be a mathematical genius nor a professor in technology to see that the return is a great deal higher than Mr. Tomkins suggests. Assuming an average annual fuel increase of 20 per cent., the cumulative savings are more than comparable with any other investment for the home. One would be very interested to know the basis on which Mr Tomkins arrived at his conclusions.

S. Silver.
57, Watford Way,
Hendon Central, N.W.4.

Spring-clean the cities

From The Managing Director Wimbledon Tenniswear

Sir,—You reported (October 5) Mr. Peter Shore's statement about the success story of Clean Air. No doubt everybody will agree with him that it is a great success, but it is not entirely Mr. Shore's personal success.

He could however produce a further success story if he could take steps to clean up London and all other cities in England because our cities compared with many Continental cities are very dirty indeed. May I just add that five years ago a faraway place like Hong Kong was one of the dirtiest cities in the world but now is probably one of the cleanest. Here is an opportunity for Mr. Peter Shore to produce a second success story.

T. O. Wegner,
Grafton House,
2-3, Golden Square, W.1.

To-day's Events

GENERAL

Conservative Party Conference ends, Brighton.

International Monetary Fund annual meeting in Manila, ends.

Indira Gandhi, Indian Prime Minister, expected to start ten-day visit to Tanzania, Zambia and Mauritius, for talks on recent developments in southern Africa.

Annual meeting of Slater Walker Securities.

Council of the Building Societies Association meeting.

Institute of Housing Conference in Scarborough, ends.

Sir Lindsay Ring, Lord Mayor of London, departs with Lady Mayoress for visit to Lake Havasu City, Arizona, U.S.A.

PARLIAMENTARY BUSINESS

House of Lords: Education Bill committee.

OFFICIAL STATISTICS

Personal income, expenditure and savings (2nd qtr.). Gross domestic product (2nd qtr. rev.).

COMPANY RESULT

S. Pearson and Son (half year).

COMPANY MEETINGS

Leigh Mills, Pudsey, 4.30. Plastocraft Products, Darwen, Manchester. Slater Walker Secs., Connaught Rooms, W.C., 11.30.

MUSIC

English National Orchestra, Per Dreier (cond.), Philip Fowke (piano), Mozart Serenata Notturna; Beethoven Piano Concerto No. 1 in C; Sibelius Suite Pelleas and Melisande; Mozart Symphony No. 36 (Linz), Queen Elizabeth Hall, S.E.1, 7.45 p.m.

SPORT

Rugby Union: Welsh XV v Argentina. Golf: Piccadilly world match play championship, Wentworth. Carrolls Irish match play championship, Tramore. Equestrian: Horse of the Year Show, Wembley. Tennis: Pernod Trophy, Bournemouth.

COMPANY NEWS + COMMENT

Morgan Crucible ahead £1.3m. at halfway

A RISE in pre-ax profit of £1.28m. to £3.8m. is announced by **Morgan Crucible Company** for the half-year to June 27, 1976—for the full year 1975 the figure was £5.95m.

Mr. I. Weston Smith, chairman, reports that the trading position throughout the world is "robust"—markets are slowly gaining strength and the investment programmes are running smoothly.

He points out that direct exports from the U.K. plus sales made by overseas subsidiaries, amounted to 59 (55) per cent. of total sales of £36.77m. (£32.33m.) at half-way.

Stated earnings per 25p share are 4p (3.1p). The interim dividend is kept at 2.75p and 4.724p is anticipated for the year, compared with 4.295p last time.

	Six months 1976 £000	1975 £000	Year 1975 £000
Sales	36,773	32,326	64,743
Carbon	15,744	13,799	27,473
Thermic	14,788	13,046	25,780
Acorn	4,520	4,205	8,499
Other	1,721	1,276	3,012
Trading profit	4,713	3,774	7,758
Carbon	1,716	1,032	2,216
Thermic	2,087	1,846	3,999
Acorn	405	494	1,014
Other	505	291	639
Investment income	—	14	235
Finance charges	919	1,271	2,174
Profit before tax	3,795	2,517	5,949
Tax*	1,967	1,220	2,865
Net profit	1,828	1,297	3,084
Profits of subsids.‡	168	186	362
Attributable Ord.	1,660	1,111	2,722
Extraord. debits	12	140	476
Attributable MCC	1,648	971	2,246

* Includes U.K. corporation tax reduced by relief for overseas taxes £1,365,000 (£874,000 and £2,076,000), overseas taxes £530,000 (£452,000 and £1,065,000), less grants for capital expenditure applicable to the depreciation provision £149,000 (£136,000 and £299,000). ‡ Include Preference dividends.

On September 22, a further application for outline planning permission was made in respect of the Battersea site. This proposal reflects the views of the Secretary of State's Inspector who conducted the planning inquiry in February, 1974.

Mr. M. S. Clarke-Jervoise has been appointed a director.

● comment

Pre-tax profits of Morgan Crucible for the first half are 39 per cent. up on last year, once the interest charge benefit of the rights issue is stripped out. In fact, by leaving out finance charges and going back to the trading level one can see that the recovery at Morgan has accelerated between the first and second quarters. Against 1975, trading profits in the second quarter were 39 per cent. up against 9 per cent. in the first. The major contributor to the recovery has been the carbon side which showed a substantial 85 per cent. rise in trading profits in the second quarter. The improvement so far has been largely due to the repair of margins through cost-cutting and price rises, but Morgan believes that demand is growing and can scent no trace of the much-publicised slowdown in the pace of economic recovery. The shares, at 72p, are on a prospective yield of 10½ per cent.

WILMOT BREEDEN

In yesterday's comment on **Wilmot Breeden** it was wrongly stated that the maximum prospective yield on the shares at 42p was 14.1 per cent. The figure should have been 10.4 per cent.

INDEX TO COMPANY HIGHLIGHTS

A. Martin sees peak profits

FIRST-HALF 1976 interest charges at Albert Martin Group were lower at £54,000, compared with £71,000 and profit rose by 86 per cent. to £410,000, subject to tax of £213,000 (£117,000). Turnover was up from £4.46m. to £5.5m.

For the year as a whole prospects appear to be extremely good says the chairman Mr. C. R. Martin, and he is confident that profit will show a significant increase over last year's record £0.53m.

Almost half the increase in first-half turnover was achieved through direct and indirect exports. The company manufactures clothes.

Stated earnings per 20p share are up from 2.07p to 3.93p and the net interim dividend is 1p, compared with 0.84p. A maximum permitted final is expected—last year's was 1.719p.

Great emphasis has been placed on control of cash—production has been expanded by continuing to invest in machinery and buildings, by recruitment, and acquisition, the chairman says.

All manufacturing companies performed extremely well, particularly the knitwear business which has continued its recovery and made a significant contribution to profit. The group has benefited from a more consistent demand than in 1975, and the expansion of productive capacity which has taken place over the last few years is now proving to be of tremendous value.

The distribution companies experienced somewhat difficult trading conditions but orders on hand are now at a high level and the outlook for the second half is encouraging.

● comment

Albert Martin's 86 per cent. rise in first-half profits made little impact on the shares yesterday. For the full year, pre-tax profits should be getting on for £1m., which would put the shares at 30p on a prospective p/e of about 3.0 and a yield of 14.9 per cent. The improvement is due to a turnround on the knitwear side following staff cutbacks and better demand, notably from France. The increasing importance of exports to Martin (budgetted for a quarter of sales this year and rising next) is a bull point while the investment programme has genuinely increased capacity and a further 20 per cent. could be available by the middle of next year; moreover this increase in capacity has been effected without calling on shareholders' funds. In the meantime, Martin remain heavily dependent on Marks and Spencer, taking about 46 per cent. of sales.

Fraternal Estates cuts loss

ON TURNOVER slightly down at £5.84m. against £5.93m., pre-tax loss of Fraternal Estates for the year 1975 was reduced from £696,421 to £387,943. Last year's loss included a provision for development losses of £100,000.

Stated loss per share is 4.01p against 5.38p, and as last year no dividend will be paid.

Tax is nil, against a credit last time of £212,465.

A professional revaluation of the group's properties has resulted in a surplus of £229,351 being credited to the capital reserves of group, the directors state.

There is a non-recurring extraordinary debit of £417,059 (nil) which represents amounts written-off, with the addition of goodwill written-off in a property subsidiary to reflect its non-asset value.

● comment

If the extraordinary item is brought above the line less the surplus on the property revaluation Fraternal's loss amounts to £575,449. At the last balance sheet shareholders' funds were £864,000, but these have been diminished during the year by the sales of subsidiaries Woodcanton and Fraternal Developments. For the current year, therefore, interest on borrowings will need to be met out of revenue which will come now from Rob Walker Motors and the rents on garages out of which the subsidiaries operate. This is clearly an acute problem with long-term borrowings at £[illegible],000, of which £455,000 are susceptible to changes in interest rates, and short-term borrowings of £100,000. The 3p at which shares stand is virtually option money.

Austin Reed progress

ON SALES increased from £12.63m. to £14.49m., pre-tax profits of Austin Reed Group for the 27 weeks to August 7, 1976, are up 32 per cent. from £422,000 to £559,000.

Interim dividend is lifted from 0.75375p net per 25p share to 0.825p. Last year's total was 2.327325p from pre-tax profits of £1.07m.

The directors are cautiously optimistic about possibilities they can now see for increasing turnover and profits, and in due course they believe these will be reflected in results. The group manufactures and retails menswear.

	27 weeks 1976 £000	1975 £000	Year 1975 £000
Turnover	14,485	12,636	25,005
U.K. retail sales	9,261	8,439	17,075
O'seas ret. sales	2,751	2,554	5,574
Trade sales	2,473	1,730	3,796
Profit before int.	959	849	1,946
Interest	400	427	873
Profit before tax	559	422	1,073
Prop. transactions*	5	[illegible]	24
Taxation	296	225	556
Minorities	10	7	21
Preference divs.	19	19	20
Attributable	248	206	520
Ord. divs.	94	84	255
Retained	154	120	455

* Surplus

The directors are hopeful that the results for the first half are the begining of an upward trend for your company.

The company has achieved a small increase in U.K. retail turnover, but sales of conventional business clothes remain difficult, they say. This is particularly marked at the smaller provincial outlets, and the company will keep under review any which may be uneconomic in the light of foreseeable future conditions.

Sales at Regent Street and other branches in tourist locations are quite buoyant and the increase in manufactured exports and retail sales abroad reflects the growing importance to the group of overseas business, the directors add.

Plans to widen the retail product range are taking effect, say the directors. A greater emphasis is being put on the promotion of leisurewear, and Cue fashion shops are now established at several branches.

A second Jaeger ladies concession has been opened at Austin Reed Stockholm and the company looks forward to working with Jaeger at a number of other outlets in both the U.K. and in Europe next spring.

Although the directors remain on the lookout for export-led opportunities for investment, principal efforts will be concentrated on obtaining organic growth from developing and rationalising existing business.

● comment

Encouraging figures from **Austin Reed** left the shares 2p higher at 29p despite a poor day for equities generally. The U.K. retail performance—sales up 5 per cent.—has been obviously dull, but Reed's experience looks to have been better than average judging by sector figures pointing to static sales in the first half of 1976. The fact that Reed has not got a manufacturing back-up to its stores may have given it that extra bit of flexibility in choosing its ranges. Meanwhile overseas retail sales have been good, though a 32 per cent. increase must take some benefit from sterling's depreciation. Sales to trade customers (basically manufacturing) rose 38 per cent. overall, but all the gain has come from exports, which now amount to nearly half that division's turnover. The second half could move up in line with the first, though with borrowings of $5¾m. last January (a bit lower now) the trend in rates is moving against the group now after the 6 per cent. drop in interim interest charges. Overall pre-tax profits could be £1.4m. for a prospective p/e of 3.1, and covering a maximum yield of 14 per cent. over two times.

Trevor Humphries

Sir John Read, chairman of EMI, announcing his group's results yesterday for the year ended June 30, 1976. Profits before tax advanced by 70 per cent. to over £59m.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Altifund Cap. ......int.	0.1	Nov. 26	0.1	—	0.34
Altifund Income ......int.	2.0	Nov. 26	2.0	—	6.75
Austin Reed ......int.	0.83	Dec. 18	0.75	—	2.33
Bankers Inv. Tst. ...int.	0.5(c)	Nov. 30	0.84	—	2.0
Beauford Group ......int.	0.95	—	0.88	—	2.72
Bronx Engineering ...int.	0.73	Nov. 25	0.66	—	2.56
Bruntons ......int.	2.76	Oct. 29	2.51	—(a)	5.7
Courtney Pope	1.19	—	1.24*	1.94	1.76*
Morgan Crucible ......int.	2.75	Jan. 4	2.75	—(b)	4.3
Debenhams ......int.	1.42	Dec. 31	1.42	—	4.31
EMI	3.76	Jan. 4	3.61	6.86	6.23
W. and J. Glossop ...int.	1.28	Nov. 18	1.17	—	3.06
Hiltons Footwear ......int.	1.16	Nov. 26	1.16	—	3.95
Albert Martin ......int.	1	Jan. 6	0.84	—	2.56
Warne, Wright and Rowland ......int.	1.08	Dec. 1	0.99	—	1.97

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) Second interim of 3.5089p expected for a total of 6.2709p. (b) Total of 4.724p anticipated. (c) First quarter declaration (against half year).

WINDING-UP ORDERS

Mr. Justice Slade has made orders in the High Court for the compulsory winding up of the following companies:

International Development and Property Trust and F. H. Bourner (Brighton).

Grimshawe Holdings huge bank debt

THE LEEDS-based **Grimshawe Holdings**, the industrial and financial group formerly headed by Mr Peter Grimshawe, incurred a loss of £110,034 in the year to May 1, 1976 compared with a loss of £207,539 in the previous year.

The company is "oppressed by the huge bank debt," the new chairman, Mr. Thomas Kenny tells shareholders.

"Our minds are not closed to some form of alignment that would in the long run—and it may be long—produce something for shareholders who have lost so much. The original remit of the restructured Board of directors was to keep the group alive—the second stage is to translate the assets into some tangible form for the shareholders," Mr. Kenny says.

Mr. Kenny points out that one of the company's subsidiaries is insolvent and the principal creditor is the Inland Revenue. "We dispute and refute their claim. If there was a moral claim we would honour it, but the circumstances of the Revenue claim do not justify our meeting it."

The "freed" debt, as Mr. Kenny describes it, amounts to £170,613 and it will not be included in the group accounts.

The group now comprises: Properties let to Bergers yielding £105,000 a year; leasehold properties and plant and equipment; the Mangers Group selling paint, a wide range of DIY home improvement and decorative products, wallpapers and various associated products; Dexters Plastics in Ireland which is manufacturing a new range of plastic wall tiles, ceiling panels and other plastic moulded products; Acoustic Chemical which makes polyurethene coatings for floor and roof protection and corrosion proof paints for metal works; Spon Industries dealing in polythene sheeting and bags; a 60 per cent. interest in Minicircuits, the Scottish retail interests now reduced to six outlets; loan debtors and investments and contingent assets not included in the accounts of perhaps £400,000/£500,000.

RESULTS AND ACCOUNTS IN BRIEF

ANGLO AMERICAN CORPORATION—Coal division sales output for September. Figures [illegible]. Republic of South Africa. [illegible] Amalgamated [illegible] Coronation [illegible] New Largo [illegible] S.A. Coal Estates [illegible] Springbok [illegible] Vryheid Coronation [illegible] Natal's Indument Colliery [illegible] Group Total [illegible] August [illegible].

CLAIRMACE—As already announced, annual accounts for 1975 delayed following nationalisation of tea estates. Preliminary figures expected in latter half of October, in which event accounts will be circulated in November. Formal AGM convened for October [illegible]. This will be adjourned to earliest practicable date.

DEUNDI HOLDINGS—Results for 1975 already known. [illegible] Net current assets [illegible] Warren Tea Holdings owns 10.24 per cent. of the equity. Meeting, [illegible] St. Helen's Place, E.C., on October [illegible] at noon.

LUNUVA (CEYLON) TEA AND RUBBER ESTATES—Profit for 1975 [illegible] on nationalisation of undertaking in Sri Lanka [illegible] Dividends [illegible] Earnings [illegible] An agreement has been reached by representatives of the industry with the Sri Lanka Government under which compensation for the net assets is estimated at [illegible]. The value of the investment in Sri Lanka has accordingly been reduced to this figure and the capital loss of £1,140,324 written off. Meeting November 5.

PHOENIX PRINCE GOLD MINING—No dividend year to March 31, 1976 (same). Group profit £1,252 (£1,373) after tax £[illegible] (£2,441). Earnings per share 0.051p (0.15p). No dividend paid since 1954.

SIZEWELL EUROPEAN INVESTMENT TRUST—Results year to July 31, 1976 and net asset values already known. Foreign assets £2.71m. (£2.54m.). Sterling assets £4.24m. (£3.59m.). Net current assets £0.05m. (£0.44m.). Proportion of portfolio invested in Netherlands, Switzerland and U.S. was increased while exposure to German, French and Italian markets was reduced. Meeting, 29 Mincing Lane, E.C., November 4, noon.

INTERIM STATEMENT

Debenhams Limited

Unaudited results for the 28 weeks to 14th August, 1976.

	28 weeks to 14th August 1976	28 weeks to 16th August 1975	52 weeks to 31st January 1976
	£000's	£000's	£000's
Sales	174,269	147,836	319,498
Less: V.A.T.	9,809	8,886	19,563
Sales excluding V.A.T.	164,460	138,950	299,935
Trading Profit before Interest	6,402	6,821	21,898
Less: Interest	3,825	3,627	6,946
Trading Profit	2,577	3,194	14,952
Associated Companies' Losses	—	(3)	—
Exceptional Items	60	215	(1,438)
Profit before Taxation	2,637	3,406	13,514
Taxation	1,371	1,771	6,895
Profit after Taxation	1,266	1,635	6,619
Preference Dividends	43	43	86
Profit attributable to Ordinary Shareholders	1,223	1,592	6,533

Note:
The results for the 28 weeks to 14th August, 1976 do not include those of Hamley Brothers Limited or Browns of Chester which were acquired in June and July 1976.

Trading results for the first 28 weeks of the current financial year were, in common with other retailers, adversely affected by the heat-wave in June and July, as a result of which the Group, in the view of the Directors, suffered a loss of profit of at least £1 million. Moreover, a comparison of the profits of the current year with those of 1975 is substantially affected by V.A.T. changes which in 1975 resulted in a short post-Budget boom in electrical, radio and T.V., but in the current year in a loss of business.

The profit of the Group attributable to ordinary shareholders for the 28 weeks to 14th August, 1976 amounted to £1,223,000 compared with £1,592,000 for the same period in 1975. The Directors have declared an interim dividend of 1·424p per share (last year—same), amounting to £1,427,224 payable on 31st December, 1976, to shareholders on the register on 19th November, 1976. This dividend, with the related tax credit, represents a gross dividend of 2·1908p per share.

The financial position of the Group has been further strengthened by a number of property transactions, details of which have already been announced and which will result in the receipt of £11 million during the current financial year.

7th October 1976

By Order of the Board
W. B. JENKINS
Secretary

ISSUE NEWS AND COMMENT

A. Howden £12m. call: doubles dividend

INSURANCE BROKER **Alexander Howden Group** is proposing to raise £12m. by a rights issue and double its dividend in the process.

The issue will be of 12,007,876 Ordinary 10p shares on the basis of one-for-five at 100p each, to raise a net figure of £11.6m. The issue is underwritten by J. Henry Schroder Wagg.

Proceeds of the issue will be used to repay short-term borrowings used to finance part of the consideration for the acquisition of Morice Tozer and Beck (Holdings) last March. Also the new funds will provide permanent capital to strengthen the financial basis of insurance and banking companies within the group.

In the absence of unforeseen circumstances the directors expect to pay a final dividend of 3.75p per share taking the total up to 5p or 7.69p gross. This represents an increase of 102 per cent. and Treasury approval has been granted.

The last day for acceptances will be October 29, and dealings in a nil paid form start next Monday. Brokers to the issue are J. and A. Scrimgeour and Feilding Newson-Smith.

● comment

In September Howden's borrowings were getting very close to tangible net worth (adjusting for the Morice Tozer acquisition) and its yield is way below the insurance broking average. So a rights issue should surprise no one. The new money takes care of the £4.2m. cash element in the MT purchase price, the balance will be spread around the bank and the insurance companies (with £3m. staying in the U.K.) and the dividend is being doubled—lifting yield at the ex-rights price of 118½p to 6.2 per cent. The issue involves some earnings dilution, but by the year-end the borrowing ratio could easily be under 30 per cent. and a prospective p/e of around 8½ is still under the sector average.

J. Mowlem advances £1m. after six months

INCLUDING share of associates up from £167,000 to £518,000, pre-tax profit of John Mowlem and Co. was about £1m. ahead at £2.02m. for the first half of 1976, struck after net interest receivable up sharply from £41,000 to £414,000.

Sir Edgar Beck, the chairman, states that the U.K. order book is in a satisfactory position so that the actual workload will continue at a high level for many months to come. The company will have to use all its energies to ensure that this continues to be the case.

Abroad, the outlook remains encouraging—he is optimistic as regards this year and the near term.

	First half 1976 £000	1975 £000
Turnover	53,719	47,327
Associate income	11,397	7,266
Depreciation	632	590
Rental income	45	44
Interest received	414	41
Investment income	21	30
Pre-tax profit*	2,020	1,017
Tax	1,038	529
Net profit	982	488

* Includes share associates £518,000 (£167,000).

First half earnings per 25p share are 11.33p (7.12p). A single dividend is usually announced in April—last year's payment was 4.434117p net from profits of £2.33m.

● comment

In a very weak market, shares of John Mowlem went up 2p yesterday to 70p on the results, which showed a virtual doubling of pre-tax profits. Australasian profits are included for a full year and these were unaffected by disasters for the first time in two years. But elsewhere the trends were equally buoyant, with good contracts overseas, particularly the Middle East. At home, contracts allowing for inflation showed through the bottom line, and there was little impact of public expenditure cuts in the areas where Mowlem operated. The hike in MLR will have no appreciable impact, with the group's liquidity well up (as indicated by the tenfold rise in interest received). But any additional cuts by government could affect the order book and it is this doubt which is holding down the shares. Profits of around £3½m. are expected for the full year, where the prospective p/e of 3.6 is two points below the sector average but the maximum yield is 10.7 per cent.

EMI profit expands by 70% to £59.35m.

THE UNQUANTIFIED increased profit forecast by EMI for the year to June 30, 1976, turns out to be £59.35m., before tax, a rise of 70 per cent. over the previous year's £34.97m., after £29.56m., against £16.22m., for the first half. Sales for the year were up 33 per cent. to £671.44m.

Basic earnings per 50p share increased from 15.8p to 25.8p and fully diluted from 14.3p to 23.1p. A final dividend of 3.755p lifts the net total from 6.232p to 6.855p.

Pre-tax profit benefited by £2,535,000 as a result of movements in exchange rates since June 30, 1975, it is stated. The profit is struck after lower net interest charges of £5.6m. (£8.26m.), reflecting a reduced average level of borrowing by reason of the March, 1975, rights issue (£14.6m.), improved liquidity and lower interest rates.

	1975-76	1974-75
	£000	£000
U.K. sales	241,972	188,132
Europe	170,253	134 450
North America	128,798	75,174
Other overseas	130,267	92,709
Total sales	671,442	503,066
U.K. profit	21,502	16,194
Europe	14,521	9,079
North America	13,067	7,065
Other overseas	15,565	9,992
Total profit	64,955	43,230
Net interest	5,604	8,258
Profit before tax	59,351	34,972
Taxation	-31,224	-19,549
Minority holders	3,591	2,162
Parent Pref.	137	137
Attributable Ordinary	24,399	13,124
Interim Ordinary	2,931	2,474
Final	3,559	3,404

Extraordinary items net of tax and minority interests resulted in a charge of £146,000 (£14,472,000) mainly arising from termination and disposal of businesses.

An analysis by product of sales and profit before interest and tax shows:

	1975-76	1974-75
Music sales	344,747	254,345
Leisure	51,428	60 566
Television	38,224	29,107
Electronics	207,047	149,050
Music profit	27,251	19,762
Leisure	5,619	5,575
Television	5,645	2,952
Electronics	26,459	14,008

Trading profit in CPP was eroded by inflation by approximately 24 (39) per cent. The main components in the adjustments resulting from the application of retail price indices are the elimination of stock profits arising solely from inflation and an increased charge for depreciation. As in previous years, this erosion is marginally exceeded by the gain from net monetary liabilities, the directors state.

In the music division Capitol Industries-EMI, the North American music subsidiary, was the largest contributor to the increases.

A slightly lower profit in the leisure area was due to a smaller contribution from cinema operations partially offset by a full year's profit for social centres and elimination of film studio losses.

Improved television profits arose primarily from growth in advertising revenues, and there were notable profit improvements in all four sectors of electronics consumer, defence, industrial and medical.

The results include £1.56m. (£1.63m.) in respect of the group share of associates.

Fixed assets increased from £222.9m. to £245.8m., and net current assets were up from £23m. to £38.9m. Liquid funds, mostly overseas, amounted to £32.3m. (£22.4m.), while bank borrowings were £9.1m. (£7.4m.).

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims: Farnell Electronics, A. Goldberg, F. Miller Textiles Office and Electronic, S. Pearson, Rush and Tomkins, Wettern Brothers.

Finals: Adams Food, Lep Group, Macallan Glenlivet, Wallis (Costumiers).

FUTURE DATES

Interims:	
Boots	Nov. 11
Callender (George M.)	Oct. 13
Clarion Son	Oct. 21
Firmin	Oct. 27
Fothergill and Harvey	Oct. 14
Francis Industries	Oct. 13
Furness Withy	Oct. 19
Harrison (T. C.)	Oct. 19
London and Northern Group	Nov. 16
McNeill Group	Oct. 14
Sheepbridge Engineering	Oct. 26
Wilson Walton Engineering	Oct. 12
Finals:	
Clydesdale Investment	Nov. 8
Makin (J. and J.) Paper Mills	Oct. 12
Silverthorne Group	Oct. 13
Unochrome International	Oct. 13

Thames TV upsurge

Thames Television, which is jointly owned by EMI and Rediffusion Television (a subsidiary of British Electric Traction) reports a substantial increase in profits for the year ended June 30, 1976, from £2.94m. to £5.51m.

Advertising revenue increased from £27.2m. to £35.72m. and other income from £2.08m. to £2.5m.

Thames Television International, the wholly-owned subsidiary which handles overseas programme sales, again had a record year with gross contracts exceeding £3m. Last year the figure was more than £1.5m.

The results do not include any overseas programme sales resulting from the recent "Thames on Nine" week in New York. Sales from this operation will be included in next year's results.

	1975-76	1974-75
	£000	£000
Advertising revenue	35,721	27,257
Other income	2,563	2,080
Levy	7,357	4,320
Profit before tax	5,509	2,935
Net profit	2,469	1,267

Courtney Pope peak £0.56m.

FROM A record turnover of £11.35m., against £9.05m., pre-tax profit of Courtney Pope (Holdings) expanded from £362,000 to a peak £560,000 in the year to May 31, 1976, after £250,000 for the first half.

And the indications are in the current year, from the forward sales situation and present trading pattern, that a further significant advance could well be made, particularly in the light of the continued expansion and diversification of the group, the directors state.

Earnings per 20p share increased from 3.53p to 5.23p, and the dividend is effectively raised from 1.762p to 1.938p net with a final of 1.188p.

	1975-76	1974-75
	£000	£000
Turnover	11,353	9,048
Profit before tax	560	362
Taxation	303	189
Net profit	257	173

The profit includes contributions from Frederick Sage and John Wilkins, the two companies acquired in March, and is struck after absorbing a serious setback in the lighting company, the directors state.

Activities range from, shopfitting to engineering, lighting and maintenance and specialist contracting for commercial buildings. Principal customers at home and abroad are multiple retailers, departmental stores, supermarkets, banks and public authorities.

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J. Finlan halftime profit cut

On turnover down from £1.31m. to £1.01m., profits of John Finlan for the six months to June 30, 1976, fell from £82,500 to £38,622, subject to tax of £20,089 against £42,900.

Earnings per 10p share are stated as 0.62p against 1.32p, and no interim dividend will be paid (same). The last dividend paid by the company, designers and constructors of industrial and commercial buildings and developers of industrial land, was a final of 3.15p net in 1973.

The directors state that an increased level of inquiries indicates a probability of improvement in 1977 provided industry is minded to place orders.

Last year, the company made a pre-tax profit of £180,406 against a loss of £197,446.

Chairman Mr. J. Finlan says that progress since May this year has been adversely affected by fire at the head office, but insurance cover is adequate. Substantial claims for fire and loss of profit are under negotiation with the company's insurers, adds the chairman.

Cantors chairman cautious

In his annual statement to shareholders of Cantors, chairman Mr. Cyril Cantor says that although turnover so far in the current year is up, increased expenses are eroding profitability.

He feels that it is too soon to express any definite views as to the final results, particularly in view of the present industrial and financial climate.

The company, which retails furniture, carpets and bedding, made a pre-tax profit of £508,112 (£432,373) in the year ended May 1, 1976 (reported September 11).

Mr. Cantor tells members that the outflow in cash exceeded the inflow by £1.86m., which accounts for the bank credit in 1975 becoming an overdraft of £1.62m. Capital expenditure, which totalled approximately £1.57m., was mainly incurred in the acquisition and fitting out of the eight new branches and the modernisation of existing branches.

Fixed assets are stated in the balance sheet at £3,474,335 (£2,189,818), current assets at £5,517,319 (£4,052,505), and current liabilities at £5,577,555 (£3,033,438).

Meeting, Sheffield, November 2, noon.

Beauford makes headway

Despite a fall in turnover from £2.42m. to £2.21m., pre-tax profits of Beauford Group advanced from £163,086 to £205,255 in the first six months of 1976. And the directors expect full year profit to exceed the record £342,362 for 1975.

Earnings per 10p share are shown to have risen from 2.4p to 2.9p during the first half and the interim dividend is lifted from 0.875p to 0.95p net—last year's final payment was 1.845p.

Half-yearly tax takes £111,000 compared with £86,000 leaving the net balance ahead from £77,086 to £94,255.

The company manufactures heavy machine tools and plant and spares for the steel industry.

DEVELOPMENT SECURITIES

The directors of Development Securities are to call a meeting of Debenture stockholders to seek their approval to an early repayment of the outstanding stock at £95 per cent. plus accrued interest. Nominal amount of the Debenture stock outstanding is £943,030.

Heatwave costs Debenhams £1m

EXCLUDING VAT sales of departmental stores, shops and supermarket operators, Debenhams, increased from £138.95m. to £164.46m., while pre-tax profit decreased from £3.41m. to £2.64m. in the 28 weeks to August 14, 1976.

Results were adversely affected by the heat-wave in June and July, as a result of which the group, in view of the directors, suffered a loss of profit of at least £1m. Moreover, a comparison of the profits with those of 1975 is substantially affected by VAT changes which in 1975 resulted in a short post-Budget boom in electrical, radio and TV, but in the current year in a loss of business, they state.

They report that the financial position has been further strengthened by a number of property transactions, details of which have already been announced and which will result in the receipt of £11m. during the current year.

An unchanged interim dividend of 1.424p net per 25p share is declared costing £1,427,224. Last year's total was 4.3115p from profits of £13.51m.

	28 weeks 1976	1975	52 wks 1975-76
	£000	£000	£000
Sales	174 269	147,878	319,476
Less VAT	9,808	8,850	19,503
Net sales	164,468	138,958	299,975
Trading profit	6,402	6 821	21,886
Interest charges	3,825	3,627	8,946
Associates losses	—	3	—
Exceptional credits	60	215	*1,478
Profit before tax	2,637	3,406	13,514
Taxation	1,371	1,771	6,595
Preference divs.	43	43	86
Attributable Ord.	1,223	1,593	6,533

* Losses.

The results for the 28 weeks do not include those of Hamley Brothers or Browns of Chester which were acquired in June and July 1976.

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See Lex

Catholic Building Society

In the nine months ended September 30, 1976, net inflow of funds for the Catholic Building Society come to £353,000, an 8 per cent. rise over the corresponding period.

The directors report that the current inflow of savings is now lower than in the first quarter of 1976, but is still adequate to support the society's target for home loans in 1976 of £600,000. Receipts in September showed a "distinct seasonal improvement."

In the nine months, home loans made were up 50 per cent. to £406,000. Liquid funds were £527,000, representing 21 per cent. of the £2.56m. total assets.

Glossop sees same again

FIRST half (to July 31, 1976) turnover of public works contractors, W. and J. Glossop improved from £4.78m. to £5.8m. and profit was £0.38m., compared with £0.26m., subject to tax of £0.2m (£0.11m.).

Mr. V. C. Jones, chairman, says that the results do not reflect the full extent of reduced government expenditure on road building and maintenance which is likely to become more apparent in the second half. However, he does not anticipate that the full year's outcome will be materially different from last year's record of £0.63m.

The net interim dividend is raised from 1.167p to 1.283p, per 25p share. Last year's total was 3.063p.

Hiltons Footwear unchanged

On turnover increased from £3.16m. to £3.58m., excluding VAT, pre-tax profits of Hiltons Footwear are unchanged at £229,248 against £229,611 for the 26 weeks ended July 30, 1976. Tax charge is £132,000 against £131,000.

The interim dividend is again 1.155p net per 20p share. Last year's total was 3.95194p from pre-tax profits of £514,587.

Chairman Mr. J. G. Hilton states that the company's buyers have made an all-out effort to find the right styles for the Autumn fashion ranges, and the directors believe that the second half (which normally accounts for the greater part of the company's profit) wil show a material improvement on last year's figures.

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BIDS AND DEALS

Crane Fruehauf gets offer from U.S.

Fruehauf Corporation of Detroit is offering 27p a share to take over the two-thirds of Crane Fruehauf, the U.K.'s largest trailer manufacturers, that it does not already own. The bid, which values the U.K. company at £4.2m. and would entail an outlay of £2.8m. for Fruehauf Corporation, is not agreed and is almost certain to run into opposition.

A holding statement was issued last night on behalf of Crane Fruehauf through its financial advisers, Barclays Merchant Bank.

The Crane Fruehauf share price jumped 7p to 26p on the news.

Crane Fruehauf had no prior warning of the bid apart from a telephone call at noon yesterday from Detroit. The reason that Freuhauf did not inform its associate in advance was that the U.S. group wished to impress on the Crane Fruehauf Board, which has always let it be known that it favoured its independence, that its intentions were serious. And, second, under SEC regulations a statement had to be made immediately in America.

From the point of view of timing, the bid is opportune. After a lean time in the U.K., in common with the other trailer manufacturers, Crane Fruehauf has made a marked recovery this year and in the first six months of 1976 it reported pre-tax profits of £407,000, compared with a loss of almost £300,000.

Crane Fruehauf has a 45 per cent. stake in the U.K. trailer market. York Trailer is estimated to have 25 per cent. and Craners Homalloy, a subsidiary of John Brown, 10 per cent.

Competition is likely to increase in the U.K. following the recent acquisition of Peak Trailers by Trailor S.A., the French subsidiary of the Pullmann Corporation of America. This could further explain the timing of the bid from Fruehauf which is seeking to link up Crane Fruehauf with its existing 100 per cent. owned subsidiaries in France and Germany. If successful, it is hoped there will be some standardisation of components between the subsidiaries, and more use made of Fruehauf's know-how.

Fruehauf is a large manufacturer of lorry trailers and cargo containers in the U.S., but its biggest business is in auto parts and components through its Kelsey-Hayes subsidiary which it acquired in 1973. However, this acquisition is now subject of an anti-trust divestiture law suit by the U.S. Federal Trade Commission.

Two of Fruehauf's top executives—president William Grace and chairman Robert Rowan—have also been fined and sentenced to imprisonment on excise duty evasion charges relating to a period between 1955-65. Appeals have been made by the two executives. A spokesman for Fruehauf's financial advisers in London, merchant bankers Hill Samuel, said that this was not of significance to the company and represented no blot on its reputation.

Hill Samuel will be posting the formal offer document to shareholders as soon as possible.

● comment

Fruehauf Corporation looks to have ambitions to gain control of Crane Fruehauf before it completes its recovery. The pick-up in demand really got under way last spring and the first half showed a £700,000 turnround to a pre-tax profit of £407,000, so the group should be quite capable of reaching £1m. for the year. This points to earnings per share of 3p (before taking into consideration minorities which were admittedly significant last year) so the offer price of 27p, though well above the 19p prior to the announcement, puts Crane on an exit p/e of only 9. If Crane continues its recovery to the £2.2m. peak, the exit p/e then drops to nearer 4, while the balance sheet last December showed net assets per share of 50p against last night's price of 26p. Fruehauf's terms do not look generous, and despite its existing sizeable stake, Crane is bound to reject, if not in principle then on price.

SHARE STAKES

Bryant Holdings has bought a further 50,000 Concrete Ordinary shares. Total holding is now 2,555,334 shares (27.48 per cent.).

Companies in which Mr. J. J. Raper is interested in have disposed of 95,000 Saint Piran shares reducing his holding to 1,637,750 shares.

Carclo Engineering Group has bought a further 25,000 English Card Clothing shares. Total holding is now 936,000 shares (16.4 per cent.).

Morgan Grampian announces that Alpane Company, of which Mr. D. A. Abramson and Mr. S. P. M. Pegg are directors (being also directors of Morgan-Grampian) has acquired a further 10,000 shares in the company, bringing Alpane's holding to 2,573,000 shares (25.08 per cent.).

Mr. J. E. Sanger's beneficial holding in J. E. Sanger is now 2,425,813 shares (24.26 per cent.). In addition, Mr. Sanger holds as trustee 123,924 shares in two family trusts representing 1.24 per cent.

White Child and Beney announces that GPG Holdings has acquired a further 5,000 shares in the company.

Drayton Premier Investment Trust has sold 25,000 Ordinary shares in City and Foreign Investment, reducing its holding to 425,000 Ordinary shares (10.625 per cent.).

Drayton Premier Investment Trust announces that London and Manchester Assurance has purchased a further £18,000 3.5 per cent. preference stock, of company. Together with its subsidiary it now owns £282,000 3.5 per cent. preference stock and £120,000 5 per cent. preference stock which together comprise 19.09 per cent. of the preference stock of this company.

National Farmers Union Mutual Insurance Society holds 48,050 preference shares of Steetley Company (more than 10 per cent.).

PILKINGTON/UKO POSITION

Mr. G. C. D'Arcy Biss, chairman of UKO International refers in a letter to shareholders to the reference to the Monopolies Commission of the proposed merger of Pilkington Brothers and UKO.

He says that Pilkington has recently confirmed to the UKO Board that it intends to proceed with the Monopolies Commission reference, and stresses that this action will considerably prolong the uncertainty regarding the future of UKO.

It will involve UKO in substantial legal and professional fees as well as greatly increasing the workload of its senior management, leaving them less time and energy to devote to their real jobs.

This is despite the fact that opposition to the acquisition of UKO by Pilkington has been expressed by UKO shareholders, management, employees and customers. It is possible, he says, that if the Secretary of State allows a bid to proceed Pilkington will make a further offer and the Board will continue to keep shareholders informed.

SPENCER AGAIN SAYS REJECT

The chairman of George Spencer has again written to shareholders saying that the offer from Nottingham Manufacturing is "totally unacceptable."

He says that no one can predict, with any certainty, future economic climate or likely levels of stock market prices. However, the Board is confident that, given a period of reasonable trading conditions, into which he believes the company has now entered, a decision by shareholders to retain their shares will be amply justified in the longer term.

The bid is not being referred to the Monopolies Commission.

J. & J. CASH

Offer documents on behalf of Jones, Stroud (Holdings) have been posted to the shareholders in J. and J. Cash by J. Henry Schroder Wagg and Co.

Three tea companies to merge

The Boards of Dejoo Tea, Doolahat Tea and Harmutty Tea have applied to the High Court for leave to convene meetings to consider a scheme of arrangement for a merger of the three companies under a new holding company—Stewart Holl Holdings.

It is proposed that Dojoo make a scrip issue of 16 shares for every 100. Subject to this, terms of the merger will be on the basis of an issue of 2 £1 shares in Stewart Holl Holdings for each share in Dejoo, Doolahat and Harmutty.

There will be an alternative whereby shareholders may elect to receive 200p cash per share instead of shares.

The cash requirement for the alternative will ultimately be funded out of proceeds of a rights issue, to be underwritten by Jokai Tea Holdings, which will be made by Stewart Holl Holdings immediately following the merger becoming effective.

Documents are expected to be posted within the next two weeks. Meanwhile, shareholders are advised not to take any action regarding their holdings.

BABCOCK & WILCOX

Babcock and Wilcox has so far not decided to change its financial advisers following the injunction granted against Mr. Charles Ball, chairman of Barclays Merchant Bank, preventing him from acting for Babcock in connection with its fiercely contested bid for crane manufacturers Herbert Morris.

A spokesman for Babcock said last night that at the moment the group was not employing anyone and that it was concentrating on dealing with the injunction in America preventing Babcock from proceeding with its offer under the anti-trust laws.

ASSOCIATE DEAL

The purchase by Hoare Govett of 10,000 Herbert Morris Ordinary at 123p (on behalf of an associate of Morris) was made on October 5, and not on October 6 as stated yesterday.

Bruntons tops £1m. halfterm

IMPROVED output of steel wire at Bruntons (Musselburgh) continued in the second quarter and pre-tax profit rose from £0.74m. to £1.15m. in the first half of 1976—the period was affected by a seven weeks' strike but benefited from a gain of £56,609 on realisation of British funds and stock appreciation of £150,000 (£125,000).

Mr. A. S. Wood, chairman, says that results for the second half will be better than the comparable period of last year. Last year's profit was £1.69m.

The net interim dividend is lifted from 2.5109p to 2.762p—a second interim of 3.5089p is expected for a total of 6.2709p compared with 5.7008p.

Mr. Wood states that the first half results show the expected increase over the latter half of 1975.

	Half-year 1976 £000	Half-year 1975 £000	Year 1975 £000
Turnover	5,015	3,195	7,207
Home	4,410	2,786	6,203
Export	605	412	1,004
Profit before tax	1,146	740	1,694

● comment

Brunton's 55 per cent. rise in pre-tax profits compares with a depressed period affected by strikes. With no troubles this time, home sales rose by 58 per cent. and exports by 47 per cent. These figures reflect real volume growth, with total tonnage up by 12.9 per cent. throughout the seven divisions. Significantly, the strongest strides were made in the steel strip division, which is regarded as a barometer for the rest, and where capacity utilisation is still only four-fifths. Here next week's 10 per cent. price rise in BSC steels will be covered by new price increases. The laggard in the group is wire ropes, where little increase has been noted. Overall, full-year profits of at least £2.2m. look feasible and this puts the shares at 83p on a prospective pe of 6.1 and maximum yield of 12 per cent. Once the steel cycle gets going at full speed, those ratings could look decidedly cheap.

Auditors qualify Black Arrow accounts

AUDITORS Turquands Barton Mayhew report that they cannot say whether the 1976 accounts of the Black Arrow Group give a true and fair view because of their doubts about goodwill, valued in the accounts at £1.76m. This represents the excess cost of shares in subsidiaries over the book value of net tangible assets at the date of the acquisition.

"In view of the current level of group profits we have been unable to satisfy ourselves that the goodwill element of these investments continues to substantiate the premium paid and, accordingly, that no amount should be written off . . . as an extraordinary item in the profit and loss account," Turquands declare.

Chairman Mr. Arnold Edward says that while respecting the auditors' view, the directors feel that the profit setback is only temporary and that future earnings will return to a level sufficient to substantiate the original figure.

Prospects for the group, particularly in the office furniture and leasing fields, are brighter than they have been for some time, says the chairman.

He reports that there has been a marked increase in demand for office furniture and the order book is fuller than at any time in the last two years. However, because of the slump which many major furniture suppliers have suffered during this period, production has not yet caught up with the increased demand and much of the furniture distributed, is already in short supply. This may, to some degree, inhibit the company's profits performance, although it has protected itself by building up substantial stocks. At the present time, therefore, the company is able to offer much quicker delivery than most of its competitors.

As already reported, pre-tax profits for the year to March 31, 1976, fell from £293,658 to £51,363 on turnover down from £5.3m. to £4.41m.

Mr. Edward points out that full benefits from rationalisation, in electrical and office furniture distribution units, were not felt during the period because of a substantial fall in demand in both sectors.

The directors have largely completed these changes and are beginning to see positive beneficial results, he says.

During the year the centralisation of the group's administration entailed significant costs and redundancy payments, all of which have been written off.

Electrical wholesaling and office equipment distribution and contracting sustained a pre-tax loss of £189,000 compared to a profit of £81,000. Gross margins in electrical wholesaling were under severe pressure due to adverse market conditions and the bulk of the loss was attributable to this activity.

Leasing income was £850,000 (£1,034,000). However, before tax profits were again higher at £240,000 (£213,000). Depreciation was lower at £452,000 compared to £510,000. The benefits of reorganisation and improved margins significantly contributed to the increase.

Sales rise at Ferry Pickering

Ferry Pickering Group has started its current year in an encouraging manner, says the chairman, Mr. G. F. Coe.

Although the forward order book is not as substantial as the directors would wish, sales for the first quarter show a considerable advance, he adds.

The company, printers and packagers, has developed an entirely new package which has a great variety of uses and which the directors hope fully to exploit.

As reported on September 25, group pre-tax profit decreased from £624,229 to £539,373 in the year to June 30, 1976.

At the beginning of the year the possibilities of redundancies were considered, but the directors attempted a more constructive course of an even more aggressive sales approach. This brought about further diversification of markets.

An encouraging upturn in sales was experienced in the second half—the sterling value of sales was a record for any six months trading.

Meeting, Leicester, November 1, noon.

NORTHBOROUGH TRUST

In view of the disposals reported earlier this year, the directors of Northborough Investment Trust have decided to extend the accounting period to August 31, 1976, so that the balance sheet as at that date will reflect all the disposals.

Accounts will be despatched early in November.

Mr. A. H. Bobroff has resigned from the Board.

MINING NEWS

BH South issue for phosphate funds

BY KENNETH MARSTON, MINING EDITOR

AUSTRALIA'S BH South is to make a rights issue, details of which are to be announced shortly. It is also stated that the proceeds of the share issue will be used in developing the 1m. tonnes per year phase of the big phosphate project in Queensland.

Meanwhile, it is also announced that the London Stock Exchange listing of the shares has been cancelled at the company's request. The reason for this is the fall in the number of shareholders on the U.K. register, although it is also worth pointing out that the move will simplify the technicalities of the proposed issue.

As in the cases of other issues which are quoted on overseas stock exchanges, however, it will still be possible to deal in the shares of BH South on the London Stock Exchange. Yesterday they fell 15p to 170p on the rights issue news which comes after a difficult year for the company.

Hit by low metal prices, notably copper, the company's preliminary results for the year to June 30 show a loss of $5.1m. (£3.8m.). However, this figure is struck after a depreciation and amortisation provision of $5m. Clearly, BH South is hoping that its fortunes will take a sharp turn for the better in the current year, thanks to the onset of a sizeable flow of revenue from phosphate rock.

Output in 1975-76 amounted to only 167,702 tonnes. But it should expand following the expected commissioning this month of the phosphate treatment plant. This should make a major impact on revenue in the second half of the current year to next June, a period in which the company also receives the bulk of its important investment income.

GOPENG GROUP TIN OUTPUTS

The latest figures of tin concentrate production from the Gopeng group show that although Gopeng's own output in September of 178¾ tonnes was just one tonne less than in August, the total for the whole financial year at 2,199 tonnes was 179¼ tonnes lower than in 1974-75.

Elsewhere in the group, the single dredge operator, Tanjong, had a sharp increase in production during September, to 28¾ tonnes from 18 tonnes in August. This makes a nine months' total of 209 tonnes, fractionally more than at the same stage of 1975.

Pengkalen, another single dredge operator, saw production drop to 10¼ tonnes in September after 22.5 tonnes in August, to make a total production for the full financial year of 220 tonnes against 352.75 tonnes in 1974-75.

At the nine months' stage, production at Idris is running 99 tonnes behind last year's total at 204½ tonnes, following an output of 17½ tonnes in September. Petaling's 11-month output amounts to 1,211½ tonnes compared with 1,136 tonnes.

	Sept. Tonnes	Aug. Tonnes	July Tonnes
Gopeng	178¾	179¾	186¾
Tanjong	28¾	18	20¾
Idris	17½	17	18¾
Pengkalen	10¼	22½	32¼
Petaling	182	69¼	123¼

UNION CORPN. PLAN APPROVED

Johannesburg meetings of Union Corporation, UC Investments and Geduld Investments yesterday passed all the resolutions by the requisite majorities approving proposals to simplify the investment holding structure of the group.

As already reported, the plan involves the take-over of Geduld by Union Corporation on a one-for-one share exchange basis and an exchange of investments between Geduld and UCI. Union Corporation will remain a subsidiary of the General Mining group. UCI will continue as before, but with a slightly increased holding in Union Corporation.

In London yesterday, shares of the respective companies closed unchanged with Union Corporation at 230p, UCI at 130p and Geduld at 220p.

BERJUNTAI IS DOING WELL

Helped by the start of commercial operations of its No. 8 dredge, the Malaysian tin producer Berjuntai increased its output of tin concentrates in September to bring the total for the past five months of the current financial year to 1,805 tonnes compared with 1,615 tonnes a year ago.

Among other producers in the London Tin group—the parent of which has now moved domicile to Malaysia—Kamunting's production in September was depressed at its lowest level of the decade, but its No. 6 dredge resumed operations after being closed at the end of August because of broken ladder lines. In the first half of its financial year Kamunting's production was 236 tonnes compared with 415 tonnes in the 1975 first half.

Production at Malayan Tin in the three months to the end of September was 716 tonnes, running ahead of the 635 tonnes for the same period last year. At Southern Kinta, the position is reversed with six months production of 665 tonnes well below the 1,008 tonnes for the 1975 first half. Southern Malayan's production for the first three months of its financial year was 612 tonnes, against 627 tonnes for the same period last year.

Outputs are compared in the following table:

	Sept. Tonnes	Aug. Tonnes	July Tonnes
Amal. of Nigeria	171	135	203
Aokam	203	154	147
Berjuntai	375	338	407
Kamunting	25	38	42
Kramat	10	9	17
Kuala Kampar	19	26	22
Lower Perak	30	22	22
Malayan	240	226	250
Sthn. Kinta Cons.	122	129	104
Sthn. Malayan	196	223	193
Tongkah Harbour	51	39	39

* Four weeks. § Five weeks. ‡ Does not include Thailand output.

ROUND-UP

In line with the buoyant world market for diamonds, Israel's exports of polished gems reached a record total of $499.6m. (£304m.) in the first nine months of this year, an increase of nearly 25 per cent. on the figure for the same period of 1975. Diamond exports in September amounted to $71.5m.

* * *

America's Asarco and the Price subsidiary of Canada's Abitibi Paper have announced a 25-year agreement extending their joint venture zinc-lead-copper-silver operations at Buchans in Newfoundland. Production started in 1928 and present ore reserves are reckoned to be adequate "for a few more years, depending on metal prices."

* * *

Australia's Triako Mines reports a consolidated operating loss for the year to June 30 of $292,000 (£216,000) compared with a profit of $6,000 in the previous 12 months. Triako and Buka Minerals each have a 30.5 per cent. stake with America's Kennecott holding the remaining 39 per cent. in the big Yandera copper prospect in Papua New Guinea.

* * *

South Africa's Afrikander Lease says that the already announced rights issue is intended to raise some R3.2m. (£2.2m.). It will apply to holders registered on October 22, and will open on October 29 and close on November 19. But holders will have to wait until October 19 for the offer terms.

MINING BRIEFS

HONG KONG TIN—September tin output: 6.9 tonnes (August nil).

KILLINGHALL TIN—September output 73¾ tonnes (August 56 tonnes).

PARANG CONSOLIDATED—September production of Jede tin concentrates, 137 tonnes (August 173 tonnes).

RAHMAN HYDRAULICS—September tin output 49 tonnes (August 62 tonnes).

ST. PIRAN—September output: U.K. 129 tonnes (August 163 tonnes), Malaysia 18 tonnes (22 tonnes).

MALAYSIAM TIN—Quarter to September 30. Tribute ore sold 29.27 tonnes (previous quarter 32.42 tonnes). Working profit £6,125 (£4,678).

CONTRACTS AND TENDERS

COMPANY NOTICES

Société Civile des Propriétaires d'Obligations à taux flottant 1975-80 de US $1.000 de la Banque de Paris et des Pays-Bas

Siège Social: 41, avenue de l'Opéra Paris 2ème

L'Assemblée Générale des propriétaires d'obligations à taux flottant 1975-1980 de US$ 1.000 de la Banque de Paris et des Pays-Bas ayant valablement délibéré le Lundi 23 Août 1976 à Paris, a ratifié la désignation des premiers administrateurs de la Société Civile, telle qu'elle résulte de l'article 7 des statuts de ladite Société, à savoir celle de:

—M. Francis BARATTE
18, rue Montpensier
75001—PARIS

—M. Walter KOLLER
Saumstrasse 31
8625 GOSSAU/CH/SUISSE

BANQUE DE PARIS ET DES PAYS-BAS

6¼% Convertible Debentures Due 1989
PIONEER ELECTRONIC CORPORATION
Tokyo, Japan.

With reference to the advertisement of September 3rd, 1976, the undersigned herewith announces that due to a decision of Pioneer Electronic Corporation to issue to its shareholders one share for each four shares held by shareholders of record, record date in Japan September 30th, 1976, being in Amsterdam, September 29th, 1976, the conversion price for the above mentioned Debentures will be reduced from Yen 979.— to Yen 783.— effective in Japan from October 1st, 1976 and in Amsterdam from September 30th, 1976.

AMSTERDAMSCH TRUSTEE'S KANTOOR B.V.
Amsterdam, October 4th, 1976.

TATE & LYLE LIMITED

NOTICE TO HOLDERS OF BEARER SHARE WARRANTS

NOTICE IS HEREBY GIVEN to holders of Bearer Warrants for ORDINARY STOCK of the Company that a second interim Dividend on account of the year ended 30th September 1976, of 5.8p net, will be paid on or after 5th November, 1976, to holders of Bearer Warrants upon presentation of COUPON NO. 39. This brings the total of the two dividends declared to date in respect of the current financial year to 8.1p net (1975 7.2p net).

Warrant Holders who are employees or pensioners of Tate & Lyle, Limited, or of one of its Associated Companies, should follow the instructions to be displayed on the Companies' Notice Boards.

Warrant Holders who are not employees or pensioners as above must present their coupons to the Company at the address shown below through an Authorised Depositary (e.g. Banker, Solicitor or Stockbroker) on or after 5th November, 1976.

J. E. Wright,
Secretary.
8th October, 1976
21 Mincing Lane
London EC3R 7QY.

JAMES BEATTIE LIMITED

NOTICE IS HEREBY GIVEN that the TRANSFER BOOKS relating to the 6½% FIRST MORTGAGE DEBENTURE STOCK 1979-81 of the Company will be closed from the 24th to the 31st October, 1976.
By Order of the Board

ULTRAMAR COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the 7% Unsecured Loan Stock 1975/78 TRANSFER BOOKS of the Company will be closed from the 17th to the 30th October, 1976 both dates inclusive.
By Order of the Board.
RUSSELL LIMEBEER

THE AFRIKANDER LEASE LIMITED

TRANS-NATAL COAL CORPORATION LIMITED

APPOINTMENTS

PERSONAL

LEGAL NOTICES

هكذا من الأصل

Growth potential of CCH Investments

Mr. G. A. S. Currie, chairman of CCH Investments, says the group is one with considerable potential from each of its investments and there is no reason why increased profits should not arise in each of the next few years.

In the short term, however, profits will be adversely affected by the current high interest rates.

"It is my intention that the group now concentrates on maximising profitability from the current strong asset base which exists," he declares.

As reported on June 8, there was a net loss of £150,598 (£405,336) in the year to March 28, 1976, before crediting £226,063 currency gain on translation of overseas net assets.

Completion of the reorganisation of the group's activities was achieved with the sale of the remaining managed hotels in Scotland and the disposal of the construction companies.

Funds realised are being utilised in the expansion of the three remaining areas of investment. Belhaven Brewery — the Bermuda hotels—further investment in the travel industry.

Beer sales continued to expand but in the latter part of 1975 shortage of capital prevented the company from taking additional customers. This problem is now resolved and since April production of Belhaven Real Ales is some 38 per cent. ahead of last year. In addition to its 400 customers in Scotland, Belhaven has become a supplier of Scottish Pale Ales nationally to Marks and Spencer.

There is every indication that the remainder of 1976 will produce a substantial sales increase and increased profitability.

Measures taken in the Bermuda hotels division are anticipated to ensure a satisfactory level of profits in 1976. Mr. Currie believes that the long term value of CCH is enhanced by having some 25 per cent. of its assets invested in the dollar area.

Turning to the travel division he says the directors intend to maintain the holding in George Ewer and Co. at the present level of 27.69 per cent. of the equity. Trading has started well indicating a satisfactory increase in profits this year.

Mr. Currie reports that the group's liquid position improved following the conversion of short term loans into medium term loans and the disposal of low yielding assets. Net current liabilities were reduced by £625,000. Capital expenditure commitments for 1976 are negligible and loans are being reduced from the improving positive cash flow.

Three valuations carried out, showing a deficit of £925,756 compared with net book values, have not been incorporated in the accounts.

Meeting, Falkirk, November 4, noon.

● comment

CCH Investments' unrealised exchange surplus, which was included among pre-tax profits in June's preliminary statement, has been taken below the line in the accounts. That is still not good enough for auditors Peat Marwick Mitchell, who say that the gain should have been taken straight to reserves. Their audit has been done on a going concern basis, and since they have no opinion to offer on whether the group's liquidity problem will be resolved, they have qualified their report on all occasions where book values are in excess of current valuations or market prices.

CCH says thatt he fall in sterling since the balance-sheet date has transformed valuations of its Bermudan hotels: that it has just sold one of its travel associates at book value (£417,000); and that the profitability of its remaining businesses is improving significantly. But in the circumstances, the fact that Peat is not seeking reappointment seems unfortunate. Admittedly CCH's business has changed substantially in recent years. But it is questionable whether the fact that Peat is no longer auditing the operating subsidiaries is a sufficient explanation for the change at this particular time.

Ward and Goldstone expansion

Mr. Sampson Goldstone, chairman of electrical engineers Ward and Goldstone, told the annual meeting that two more factories had been acquired within the past few weeks and that the group now employed 1,200 more people than it did 12 months ago.

Vacancies existed for a further 500 employees but they could not be immediately absorbed as they required training.

In the first six months of the current year exports had increased by more than 75 per cent., he said.

Lawtex slumps but pays 2p

After falling from £97,218 to £13,380 in the first half, pre-tax profits of Lawtex finished the year to June 26, 1976, down from £187,225 to £21,371 on turnover of £6.19m. (£6.01m.).

Profits were struck after interest of £112,573 (£103,461) and depreciation of £88,981 (£84,771). Profits after tax came to £59,656 (£113,087).

The directors state that current year's turnover is well ahead of last year and order books are satisfactory. This enables them to view the future with greater confidence and to recommend a single final dividend of 2p net (2.585p total) per 25p share.

The clothing division increased its turnover by 17 per cent. and profit by 14 per cent. to £87,010 while the dry weather caused a reduction in umbrella sales by £0.5m., which resulted in a loss of £65,639 for that division.

Bronx Eng. upsurge: 100% scrip

ON A MARGINALLY increased turnover of £4.65m., against £4.4m., profit of Bronx Engineering Holdings expanded from £174,000 to £272,000, subject to tax of £141,500 (£90,500), for the half year to May 31, 1976.

And on the basis of results to date, it is expected that the profit for the year will comfortably exceed last year's £377,679, the directors state. The order intake is satisfactory, taking into account state of industry and the economy, they add.

The interim dividend is lifted from 0.66p to 0.726p net per 10p share, and a one-for-one scrip issue is proposed. The directors expect to pay a maximum permitted final—1.9p last year.

TROYDALE DEBENTURE

Troydale Industries proposes to repay the 7½ per cent. debenture stock 1985-90 at £90 per cent.

United Glass up 26% so far

SALES OF United Glass increased by 20 per cent. to £49.59m. in the 28 weeks ended July 3, 1976 and taxable profit was £3.08m., a rise of 26 per cent.

For the year as a whole profit is expected to show an improvement over 1975's £5.66m., says Mr. D. A. Blair, chairman.

The company is jointly owned by The Distillers Company and Owens-Illinois, Inc.

	28 weeks 1976 £000	1975 £000	Year 1974-75 £000
Sales	49,594	41,241	87,233
Trading profit	2,855	2,324	7,364
Interest	777	678	1,704
Profit before tax	2,078	1,646	5,660
Taxation	1,060	830	3,001
Net profit	1,018	816	2,659

Mr. Blair reports that the glass container market strengthened considerably late in the first half and sales volumes improved accordingly. The new glass container furnace at Alloa has been commissioned but to date production has been well below target. Work continues to overcome running-in difficulties.

Another furnace which has been idle is now being prepared for additional production and should be ready early in 1977.

Since July 3 demand has further strengthened and everything possible is being done to supply customers although sufficient production of flint glass is a current problem.

Clarkson Tools

Turnover of Clarkson International Tools increased from £18m. to £19.65m. for the year to March 31, 1976 and profit was £1,239,000 (£951,000), subject to tax of £549,000 (£714,000).

The 1974-75 net balance was subject to an extraordinary loss of £1,886,000.

The company is a member of the Thorn Group.

Warne Wright up midway

AFTER depreciation of £161,000 against £126,000, pre-tax profit of Warne Wright and Rowland increased by £80,000 to £557,000, for the first half of 1976. Turnover for the period advanced from £6.56m. to £7.81m.

The directors report that most companies in the group have healthy order books and barring unforeseen circumstances they expect second-half profits to at least equal those of the first half. Last year's total profit was £1.11m.

The net interim dividend per 10p share is increased from 0.9866p to 1.0852p at a cost of £74,394 (£67,634)—last year's final payment was £0.9866p.

The group operates as fastener manufacturers, drop forgers and engineers.

	Six months 1976 £000	1975 £000
Group turnover	7,809	6,559
Trading profit	751	656
Depreciation	161	126
Loan stock interest	33	53
Profit before tax	557	477
Taxation	290	249
Net profit	267	228
Retained	188	156

LEAD INDUSTRIES

The Lead Industries Group offer for Harringtons and Goodlass Wall 7 per cent. Preference has been accepted in respect of 5,915 shares (20.43 per cent.), and is extended to October 19.

Vegetable seed merchants expect big winter sales

BY STUART ALEXANDER

SEED MERCHANTS are expecting bumper sales this winter as both commercial and amateur gardeners try to make amends for the ravages of the drought. But there could be some shortages of vegetable seeds such as peas and beans.

Prices will be up by about 15 to 16 per cent. and agricultural grasses and clovers, used mainly for hay pasture and grazing, are up by more than 100 per cent. on this time last year.

The position could be far worse in the winter of 1977-78 as the effects of this summer, both in this country and abroad, work their way through, coupled with the falling value of the pound.

Britain imports large quantities of seed from Europe and North America. Buying orders are placed usually at least 18 months before delivery in the currency of the country of origin. But payment is not made until delivery and the seed being processed now was ordered late 1974 and early last year.

There has been very heavy demand this autumn for agricultural grasses caused by the drought and the need to re-sow. There is also some shortage as other countries in Western Europe have been affected by the dry summer.

Prices are expected to remain at their present level until next spring but signs of another dry summer could push them up again, and acreage could be down.

No serious shortage of vegetable seeds is expected this winter as most are already packeted, but next year some items like swedes, parsley and carorts could be hit.

In Britain the parsley, having lived through the drought, is now proving difficult to harvest in some regions because of mud.

If there is not a dry spell of about seven days in the next two or three weeks then many crops could be lost. This would also affect buyers in France, Germany, Holland and Scandinavia.

Two main suppliers of carrot seed, Italy and California in the U.S., have had a difficult year and this could lead to severe shortage for the 1978 season. The merchants have some stocks to meet the deficit but another bad year will lead to serious problems.

The same applies to cabbages which have often not germinated and moved into their normal autumn position.

A forecast that home growers would press on undaunted with vegetable growing was made yesterday by Mr. Anthony Andrews, of Hurst, Gunson, Cooper, Taber.

While some of the newcomers would be too disappointed by their lack of success in the past summer, many more gardeners had turned their hand to vegetables this year in an effort to beat high shop prices. This had been helped by more people taking holidays at home and good weather allowing more time in the garden.

He emphasised that although Hursts was still investing heavily in horticultural and agricultural research and the production of new varieties, costs on the wholesaling side were still linked tightly to the value of the pound.

"But the shopper may not see the real effects until the summer of 1978," he added.

Faulty light bulbs found

FINANCIAL TIMES REPORTER

THE CONSUMER Protection Department of Humberside County Council said yesterday that it had found three faulty samples of the Czechoslovak-made Tesla electric light bulb during a search for faulty Polish-made Sceptre and Orion lamps.

It advised an examination of all foreign-made lamps.

Hull and Leeds wholesalers were calling in the Tesla and Polish-made lamps which they had distributed.

A wholesaler in Hull said he had been selling 160,000 Sceptre lamps a year for several years to shops between the Humber and Tyne.

Humberside County Council had 50 inspectors examining stocks of lamps in shops and wholesalers' warehouses yesterday.

The search was started after an inquest found that a two-year-old boy was electrocuted because a wire protruding from the base of a Sceptre bulb made contact with a brass lamp holder.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price p	+ or −	Net Div. Amount	Times Covered	Gross Yield	P/E Ratio
–	F.P.	–	£101½	250	Amron Med Int. Inc $1	960	−20	Q24c	–	1.4	–
–	F.P.	–	229	£213¼	Berry Pacific Fd. (US$)	229	......	40c	–	0.7	–
20p	F.P.	17/9	70	62	Borthwick (Thos.) 50p	62	......	h5.5	2.0	13.5	5.5
–	F.P.	–	£301¼	£263¾	Dentsply Int. Inc. $1	£275a	−¾	–	–	–	–
–	F.P.	–	£31⅞	£25¼	Esmark $US1	£27⅝	−1¼	Q$1.52	–	3.0	–
–	P.P.	–	152	98	Tolus S.A. II	150	......	–	–	–	–

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price	+ or −
–	F.P.	–	101½	100½	Dentsply 9% FLS Conv. Uns. Loan 1991-96	100½	−1½
£98.5	£10	29/10	£9	£9½	Eastbourne Waterworks 9% Red. Pref. '83	£9	......
US$99	F.P.	–	$99½	$98½	Gotaverken 8% Notes 1985	$98½	......
US$100	F.P.	–	LF99¼	LF98	Int. Fund of Finland 9% Guar. Notes '84	LF98¼	......
£94	£10	4/2	11½	11½	Mid-Sussex Water 8% Red. Pref. 1981	11½	......
£97	F.P.	28/10	98¾	97½	Mid-Sussex Water 14% Red. Deb. 1982	98½	......
£99	£25	19/11	25¾	25¼	York Water 12% Red. Deb. 1984	25¾	......

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price p	+ or −
10	Nil	15/10 5/11	31½	20	Armstrong Equipment	20pm	−2
$A3.50	Nil	5/11 –	193	145	Bank N.S. Wales	155pm	+10
115	Nil	15/10 12/11	25	5	Black & Edgington	5pm	−5
16	F.P.	27/9 12/11	11	8	Bonne Webb	9	......
$A4	Nil	– 3/12	395	345	Broken Hill Prop.	360pm	−5
50	Nil	– –	[illegible]	5	Brown (Matthew)	5pm	......
27	F.P.	24/9 5/11	[illegible]	29½	Burtonwood Brew.	31	......
$A1.75	Nil	29/10 12/11	[illegible]	75	Comm. Bk. Aust.	75	......
25	Nil	– –	[illegible]	2½	Fairbairn Lawson	2½pm	......
40	Nil	10/12 –	27	22	Lonrho	25pm	......
30	F.P.	28/9 15/10	45½	33½	Nolton Estates	40	......
25	F.P.	1/10 2/11	[illegible]	22	P.M.A.	22	−2
20	Nil	8/10 12/11	6¾	5	Shakespeare J.	25½pm	......
$A1.20	F.P.	18/6 –	141	85	Western Mining	102	−2
5	F.P.	24/9 15/10	[illegible]	6	Whatlings	6	−½
70	P.P.	– –	34	27	Woodside-Burmah	93	−5

Renunciation date usually last day for dealing free of stamp duty. a Placing price to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital, cover based on dividend on full capital. p*** Pence unless otherwise indicated. g Forecast dividend; cover based on previous year's earnings. ‡ Figures based on prospectus or other official estimate for 1976. Q Gross. † Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. ¶ Offered to holders of Ordinary shares as a "rights." ♥ 290 S.Afr. cents. ‡ Rights by way of capitalisation. †† Tender allotment price. ◆ Reintroduced. ‡‡ Issued in connection with reorganisation, merger or take-over. ♣ Introduction. ♠ Issued to former Preference holders. * Allotment letters (or fully-paid). † Provisional or partly-paid allotment letters. § With warrants. ‖ After suspension.

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General Motors 'disturbed' by Ford decision over UAW strike

BY JAY PALMER

NEW YORK, Oct. 7.

ELLIOTT ESTES, General Motor's president, said this morning that he was "disturbed" by Ford Motor's decision to give the striking U.S. auto workers an extra 13-days paid holiday over the life of the tentative new three-year Labour Contract.

However, Mr. Estes refused to confirm that GM, the largest of the U.S. car markers, plans to use its immense bargaining strength to oppose giving its workers this same concession. He merely noted that the reported Ford pact would greatly increase the industry's production costs, and thus drive up new car prices.

The United Auto Workers (UAW) union's tentative agreement with Ford was reached earlier this week, some 21 days after the strike was called on the expiry of the old Labour Contract.

This morning, after nearly two days of speculation, the union revealed the terms of the proposed settlement.

In line with speculation, the UAW won virtually all of its major claims. In addition to the extra 13 days holiday, Ford agreed to make a one-off cash payment of $600 to retired inflation-hit workers. The company agreed to increase its contribution to unemployment benefits fund and give large wage increases of more than 3 per cent. per year to all workers in addition to continuing cost-of-living adjustments. Skilled workers get an additional increase.

Despite this apparent settlement, the Ford strike will drag on for at least another week and possibly even longer. The pact must be approved first by two separate union councils and then by a majority vote of rank and file workers. The UAW's militant skilled workers have the right to veto the entire agreement, and continuing plant level disputes can be expected to delay a return to full production.

At some stage over the next few days, probably after the two union councils have given their blessing to the pact, the UAW will name its next "target" company. Up to now, work has continued at the other large automakers on day-to-day extensions of their old labour contract.

In recent union history, the union has never had to strike any but its first "target" company. However, this year many expect that General Motors could take a very hard line and this could result in yet another walkout. Rumours in Detroit suggest that the UAW might break with tradition and begin its second talks simultaneously with GM, Chrysler and American Motors all at once, in an attempt to get everything wrapped up before the American election.

The Auto workers' victory over Ford is not, as Mr. Estes noted this morning, necessarily a move towards a four-day work week in the U.S. However with the steel workers looking for a guaranteed wage in their forthcoming talks, it almost certainly signals something of a break through for the labour movement as a whole. It remains to be seen how successful the AUW and other unions are in getting industry as a whole to accept their move towards greater worker security.

U.S. COMPANIES

American Motors price rise

BY OUR NEW YORK STAFF

NEW YORK, Oct. 7.

AMERICAN Motors, ranking fourth after the "big three" U.S. car manufacturers, has announced price rises for its 1977 models comparable to those announced in recent days by its competitors. The average rise will be 4.8 per cent. over last year's models, or about $167.

Ford, Chrysler, and General Motors, announced rises ranging from 5.1 per cent. to 5.9 per cent., bringing the average prices to $310, $326 and $338, respectively.

AMC, whose total output accounted for 4.8 per cent. of the U.S. car industry in 1975, said that prices for optional features on 1977 models will go up an average of 5.4 per cent., this figure being in line with the competition, which posted option rises of 4.8 per cent. to 6.2 per cent.

This year's price rises include two things, AMC spokesmen pointed out—features which were previously optional but have now become standard, and a lengthened warranty period.

AMC's cheapest car, the two-door Gremlin, will cost $3,248 this year, up $250 or 8.3 per cent. from last year's sticker price of $2,998. By comparison, Ford's cheapest—the Pinto—will cost $3,099, and the GM Chevette scooter will be priced at $2,999.

Franklin failure

THE COMPTROLLER of the currency failed to take proper action to prevent the 1974 failure of the Franklin National Bank, a report by the house government operations committee says.

It says the comptroller's office had four years' advance warning of Franklin National's financial trouble, but failed to use several options to prevent failure—including withholding approval of branch and merger applications, cease and desist proceedings and the threat of rescinding the bank's charter.

Salomon reports earnings rise

SALOMON BROTHERS, the privately-owned U.S. securities trading firm, has reported a 52 per cent. increase in earnings for the fiscal year ending September 30, improving to a record $70m. against $46.3m. in 1975. Total revenue was up 9 per cent. to $268m.—also the highest ever, writes Pauline Clark.

The jump in pre-tax earnings is primarily attributed to the improvement in bond prices during the year and to increases in trading volume in securities and underwriting business. But lower interest rates were also said by managing partner, William Salomon, to have reduced "substantially" the cost to the company of financing its inventories.

Chrysler in Spain

MADRID, Oct. 7.

CHRYSLER CORP's Spanish subsidiary will realise only minimal profit this year, John Riccardo, chairman of the parent U.S. company, said on Thursday.

Riccardo cited rising costs and last February's devaluation of the peseta as the reasons why Chrysler Espana's results will be relatively poor. In 1975, the unit had profit equivalent to $7.4m.

Peprico profits up

PEPSICO INT yesterday announced a net profit of $42.1m. for the third quarter of this year, against $33.7m. for the comparable period. Sales and other operating revenue $697.6m., against $610.8m.

EUROMARKETS

Brazil steel companies to raise $150m. in Eurocurrency

BY TONY HAWKINS

BRAZIL'S THREE largest steel companies are to borrow $150m. in the Eurocurrency market in a four-tranche multi-currency loan.

Lead managers for the loan are Chemical Bank and Libra Bank. There is to be a five-year floating rate credit at a spread of 1¾ per cent. above the London interbank deposit rate and a seven year tranche with a spread of 2¼ per cent. These two tranches will between them cover about $110m. of the loan. In addition, there will be two fixed rate tranches of approximately $20m each—one in Swiss francs to be organised by Swiss Bank Corporation and one in deutschemarks organised by Westdeutsche Landesbank Girozentrale.

The loan arrangements are being co-ordinated by Siderbras, which is the Brazil Government agency that acts as a holding company for investments in the steel industry. The three steel companies are CSN (Companhia Siderurgica Nacional), COSIPA (Companhia Siderurgica Paulista) and USIMINAS (Usinas Siderurgicas de Minhas Gerais). Brazil is still an importer of steel and the funds will be used as part of its steel import substitution programme. Other banks in the syndicate are First Chicago Panama, Bank of Montreal, Banco do Brasil and European Brazilian Bank.

A 5½-year loan of $25m. is being raised to finance the Mratinje hydro-electric power project in Yugoslavia. The loan is being guaranteed by the Socialist Republic of Montenegro which is one of the six republics within the Yugoslav federation. The spread is 1¾ per cent. and there is a management participation fee of 1 per cent. The loan will be co-ordinated by Investiciona Banka Titograd and lead manager is the International Investment Corporation for Yugoslavia which is owned by the International Finance Corporation (part of the World Bank Group) and a group of international banks.

The Citicorp international group is lead manager together with Bankers Trust International for a $40m. credit for Fesea (Fuerzas Electricitas de Cataluna) in Spain. The funds will be used as partial finance for the Asco 1 nuclear power project, scheduled to come on stream in mid-1979. The six-year loan will carry a spread of 1½ per cent.

On the bond side, the European Investment Bank is launching its first-ever bond issue on the Austrian capital market for Sch.350m. The issue has been underwritten by a banking syndicate headed by Creditanstalt-Bankverein.

The coupon rate is 8 per cent. for the 10 years bonds and the issue price is 97¾ giving a yield of 8.5 per cent. The EIB says that it will use the proceeds to help finance its ordinary lending operations and the bonds are to be listed on the Vienna Stock Exchange.

The Norwegian power company, Sira-Kvina Kraftselskap is to raise Sw.Frs.20m. on a coupon of 5¾ per cent. writes John Wicks from Zurich. The funds will be used to reduce medium-term debt made in connection with power-station financing. Lead manager is Clariden Bank.

Caisse Centrale de Cooperation Economique of Paris is to raise Sw.Frs.80m. by way of a 15 year bond issue on a coupon of 5¾ per cent. Lead manager is the Union Bank of Switzerland.

Eridania sugar sales increase

BY DOMINICK J. COYLE

ROME, October 7.

HIGHER IMPORT prices resulting directly from the decline in the value of the lira helped sugar producers, Eridania-Zuccherificio Nazionale, to increase volume sales on the Italian market by some 54 per cent. in the first half of this year, according to a company statement in Genoa.

Sales were higher in all market categories, with a particularly sharp rise in molasses, but higher stocks on offer depressed prices in some sectors. First-half sales totalled lira 136bn (£100m.).

Eridania forecasts that the Italian sugar crop this year will be roughly 11 per cent. above the 1975 level and considerably in excess of the 12.3m. quintals quota allocated to Italy by the EEC.

New Mercedes company shares officially listed

FRANKFURT, Oct. 7.

SHARES OF Mercedes-Automobil-Holding were officially listed on German stock exchanges on Thursday, Deutsche Bank announced to-day.

The holding company was formed by Deutsche Bank to take over a large block of Daimler Benz shares from the Flick group rather than letting a foreign buyer acquire the block. Mercedes-Holding has this 25.23 per cent. participation in Daimler Benz.

Two sub-holdings, Stella and Stern Automobile-Beteiligungs GMBH, each own 25 per cent. of Mercedes-Holding. The remaining shares, formerly held by Deutsche Bank, are widely held and have been traded over the counter since the beginning of the year.

According to the prospectus, Mercedes-Holding intends to pass on the Daimler Benz dividend intact to its shareholders. For 1975, Daimler Benz paid a dividend of DM8.50 for each DM50 share, up from DM7.50 in 1974.

AP-DJ

IASC issues world-wide standards

NEW YORK, Oct. 7.

THE International Accounting Standards Committee (IASC) of the accounting profession has issued two new world-wide standards on what companies should disclose in financial statements and how to account for depreciating assets.

The ruling by the International Accounting Standards Committee calls for disclosure in financial statements of all information necessary to make financial statements of all information necessary to make financial statements "clear and understandable" and says that additional information should be provided if needed to make meanings clear.

The second standard requires that a depreciating asset should be "depreciated systematically" over its useful life and that the "depreciation method selected be applied consistently from period to period."

Though routine in the U.K. and U.S., these procedures are not required in many other countries.

Although international standards are not binding on local accountants, public accounting institutes in member nations pledged their best efforts to get local authorities to adopt them. Copies of the new international standards are obtainable from the offices of the national accounting bodies.

AP-DJ

FOREIGN EXCHANGE

Barclays in Tokyo

BY DOUGLAS RAMSEY

TOKYO, Oct. 7.

THE THIRD Barclays venture in Asia after its previous entrances into Singapore and Hong Kong has produced such curious situations as Bahrain buying sterling through Barclays in Tokyo. But such transactions are likely to become less remarkable as time goes on.

Although at present only three other foreign banks do large-scale exchange dealings out of Tokyo—American Express, Union Bank of Switzerland and the Swiss Bank Corporation—a queue of prospective followers is already forming. National Bank of Chicago and Algemene Bank Nederland have both decided to proceed with similar operations, and the Bank of America, according to one reliable source, is also interested. Another British bank, Lloyds, scouted the market but has reportedly delayed any decision.

The Tokyo foreign exchange market has never been a refined one. Japanese banks tend to provide such services overseas, especially in London and mostly through the Bank of Tokyo. The average daily Tokyo turnover currently is $450m., divided just about equally between spot transactions (for delivery to-day or to-morrow), outright forward ones (anything from a week to one year), and swap arrangements.

However, previous reluctance to encourage any market for the yen that might internationalise the currency is now on the wane, and a much higher proportion of Japan's trade (especially exports) is now being invoiced in yen. This in turn obliges trading partners to buy the currency to settle their accounts and since the only large amounts of the currency made available until recently were through Japanese banks which never went in for yen dealing the emergence of dollar-yen dealers in Tokyo has created an opportunity for getting the best, rather than the only, rate for the yen going on the market.

> The emergence of dollar-yen dealers in Tokyo has created an opportunity for getting the best—rather than the only—rate for the yen going on the market.

The Bank of Japan still keeps a close watch on dealer activities, and all foreign banks have to keep strictly to their dollar conversion quotas. In the case of Barclays, for instance, the BOJ allows it to buy yen with Euro-dollars as long as the amount outstanding at the end of each day is not more than $28m. Most importantly sufficient leeway is available for profits to be made out of dealings in yen.

"This puts Tokyo on the map," according to Andrew Pointon, who with his wide experience of the markets in Hong Kong and Singapore was brought in to open the new dealing room in the bank's offices in downtown Tokyo. He points out, "In Singapore there are 30 or 40 banks trading in foreign exchange. But most of it is speculative. Here in Japan there is a lot of commerce backing up the market, and the yen is a strong currency. So the market is nowhere near the saturation point it reached in Singapore."

In fact, most of Barclays' business in its first six weeks of Tokyo business has been with the two other Asian dealing rooms and Australia, which previously had to settle its yen accounts by buying the Japanese currency through London. Now, with trade between Australia and Japan booming, and greater flows of exports and imports denominated in yen, traders in Sydney and Melbourne are likely to be among Barclays' best customers.

Barclays can also carry out non-yen transactions and since Tokyo closes when London is about to open there is ample room for the dealer network to cover transactions anywhere in the world. Already Tokyo has become a liaison point with the Barclays' operation in San Francisco, and the recent instance of selling pounds to a Bahraini bank for dollars while the London market was closed underscored the added flexibility a dealing room in Tokyo has given the bank.

Currently there are clear attractions for foreign exchange dealers in Tokyo with the yen much in demand and the drift towards increasing the international status of the yen gaining momentum in official Japanese circles. But much still depends on a permanent move to label trade in yen, and short of such a final decision, the room in the market for other foreign banks wanting to set up dealing operations in Tokyo must remain limited.

هكذا من الأصل

British companies still lead Europe's top 500

BY ROBERT MAUTHNER

PARIS, Oct. 7.

BRITISH COMPANIES again lead the field in the European business magazine Vision's List of Europe's Top 500 industrial companies, but West Germany came a close second and has narrowed the gap between first and second places. The U.K. had 128 companies in the list, West Germany 113 and France 78.

The leading company by turnover, calculated in dollars at exchange rates prevailing at the end of 1975, was Royal Dutch Shell, followed by British Petroleum, IRI (the Italian para-State industrial corporation), Unilever and Philips.

The greatest progress was made by companies based in small countries, while the two dominant countries—Britain and Germany—each lost five places in this year's list. Switzerland had four new companies, Finland three and the Netherlands two.

Vision, which polled over 800 companies in 16 Western European countries and asked banks to supply information when the companies themselves refused to do so, found that, with a combined turnover of $660bn., Europe's top 500 companies were $2bn. under the record-breaking figure for 1974, which itself was 40 per cent. up on 1973.

A closer analysis of the figures for the 100 leading companies in the list brings to light considerable differences in the performance of companies in various industrial sectors. Thus, motor car companies made a comeback in 1975 after their poor results in 1974, but the big steel and chemical concerns were still in some difficulty, both on the sales and profits front.

Nearly all the motor companies improved their rankings in this year's list. Daimler-Benz, now Europe's biggest, jumped four places to 12th position over all followed closely by Renault in 14th position. Even British Leyland, in spite of all the difficulties it has experienced, painfully gained one place to reach 42nd position.

On the other hand, Europe's biggest steel maker, August Thyssen-Huette of West Germany dropped three places to 10th position, while its competitors did even worse. British Steel, for instance, dropped four places to 28th.

A similar picture emerged for the chemicals sector, where Hoechst of West Germany, though still the leading company in this field, dropped two places to [illegible]th, while Bayer and the Dutch company AKZO lost 10 and 13 places respectively and ICI and Rhône Poulenc went down seven.

Though the big oil companies retained their prominent positions, they were forced to give ground last year, with profits, in particular, down sharply, while turnover figures also declined.

Loss and rights issue at BSEA

KUALA LUMPUR, Oct. 7.

BOVIS South East Asia (BSEA) has proposed a one-for-two rights issue at par. It announces an unaudited group pre-tax loss of $5.51m. (loss $2.35m.) on turnover $12.3m. ($11.25m.), for that half-year ended June 30.

BSEA said a wholly-owned subsidiary of the group's parent company, Peninsular and Oriental Steam Navigation (P & O) will underwrite the rights issue.

If the underwriter takes up the whole issue, P AND O's effective holding in BSEA would be raised to 68.1 per cent. from 52.1 per cent. it said.

In conjunction with the rights issue BSEA group bank borrowings are being re-scheduled to longer maturities, the company added.

Reuter

The company reports: For the period under review, BSEA's consolidated results were adversely affected primarily by a slowdown in sales of granite and consequently in the associated shipping activities, due to offtake problems in Indonesia and by the continuing burden of interest charges on the high level of borrowings of the BSEA Group. This results partly from the retention for future development of certain longer term assets. In addition there are claims totalling M$31.3m. submitted by a wholly-owned subsidiary to the Government of Singapore for work carried out between 1972 and 1975. These claims are under dispute but have now been referred to arbitration in accordance with the terms of the contract.

In order to relieve the financial strain, to enable the interest burden to be reduced to a more acceptable level and to provide working capital pending fulfilment of longer term opportunities, the Board has resolved to raise M$14.25m. of new equity by means of a rights issue at par on the basis of one new share of M$1.00 each for every M$2.00 stock held conditional upon the approval of all relevant authorities and upon stockholders in general meeting resolving to increase the authorised capital from M$30m. to M$45m. by the creation of 15m. new shares of M$1.00 each. The new shares when fully paid up will be converted into stock units of M$1.00 which will rank pari passu in all respects with the existing stock of BSEA.

UNITED PARCELS SERVICE IN W. GERMANY

Competitors for Bundespost

BY GUY HAWTIN, FRANKFURT CORRESPONDENT

The entry into West Germany of United Parcels Services of the U.S. presents the Bundespost with a major, if by no means its first, competitor.

But a more significant development may be the pressure upon the West German postal trade union—a development which has already inspired reactions from diverse sections of German industrial society.

WEST GERMANY'S economic reputation is grounded on the efficiency and flexibility of its manufacturing industry. And deservedly so. Its recent trading performance is a monument to the manner in which the Federal Republic's manufacturers have coped with the rapid increase in the Deutschemark's value.

But it comes as something of a surprise for foreigners living here to discover that the country's service industries usually fail to display the same enterprise and drive of their manufacturing counterparts. Rarely do the service industries—from retailing to restaurants, from house painting to car repair—come anywhere near the standards set in the U.S. Frequently, they fall far behind standards prevailing in Britain.

It was, perhaps, for this reason that the entry of United Parcel Service to the West German package and parcel market was greeted in many quarters by hostility mingled with fear. The Press was not overwhelmingly enthusiastic — although the ardently capitalist financial daily Handelsblatt gave it an unreserved welcome. Many newspapers emphasised the possible damage it could do to the Bundespost and echoed trade union fears for its effect on post office employment.

Well they might, for UPS has a considerable reputation. It is the largest private parcel carrier in the world. It covers the United States from coast to coast and runs an operation in Canada. The West German operation is its first venture in Europe

No monopoly

UPS is not a publicly quoted company and the vast bulk of its stock is held by its managers and supervisors—down to people who are in charge of only ten workers. Not unnaturally, its 80,000 workforce in the U.S. tends to be highly motivated. The concern which last year turned over $1.6bn., has an admirable profit record, a very high rate of re-investment and an unusually low debt ratio

News that it was opening up in the Federal Republic provoked considerable official concern, with most of the openly voiced worries centreing on the competition it would offer to the Bundespost. Currently, the Federal postal service estimates that parcel rates cover only 64 per cent. of costs and the loss of business to UPS could push the deficit up even further

In real terms, the entry of UPS to the West German market has not fundamentally changed the situation. The Bundespost has no monopoly on parcel carriage and already competes with a large number of private carriers. Indeed, it is possible to argue that the private sector will suffer from UPS competition more than the Bundespost.

UPS opened its doors on August 16 this year, serving about a third of the Federal Republic—covering most of the states of Lower Saxony, North Rhine-Westphalia and Hessen. Its initial daily volume was 2,000 parcels a day and it employed a workforce of 120 people.

To-day it employs 269 workers and its daily through-put has risen to 8,000 parcels. Shortly it will extend its service to cover Schleswig-Holstein, all of North Germany, including Hamburg, and West Berlin. The only remaining areas of the Federal Republic left unserved will be the states of Baden Wuerttemberg and Bavaria and these will be brought into the net next year

Mr. Ed Bolton, general manager of the West German operation, explained that UPS's decision to move into the market in stages had been dictated neither by logistics nor limitations on cash for investment. "It is a matter of training," he said.

The concern puts a heavy emphasis on training its staff. "It is our drivers who usually meet the customers and—just as important—our customers' customers," he said.

When UPS opened up in West Germany it brought over American supervisors and a core group of American managers. Training was initially limited by the number of American training staff with a knowledge of German. Supervisory staff have been trained in the U.S., while drivers have been trained in Germany. Expansion here has been slow because of this policy—the thoroughness of which can be measured against the normal American training ratio of one supervisor to each trainee-driver to 7 per cent.

According to Mr. Bolton, UPS is offering a fast and regular door-to-door service. There are no immediate plans to institute the depot service familiar in the U.S. Some 90 per cent. of the parcels collected by the concern are delivered next day, although a trip from North Germany to the southern most extent of its area takes a little longer.

Asked how this compared with the Bundespost service, Mr. Bolton said: "A reporter in one of the newspapers, unbeknown to us, ran a comparison test between ourselves and the Bundespost. In this case, it was discovered that both parcels arrived at about the same time."

The advantage that UPS sees itself offering is regularity and dependability. The customer is offered a regular daily collection time—and UPS claims that its delivery time can be absolutely relied upon—something that would be very difficult for any general postal service to guarantee.

West Germany's postal workers' unions however, do not see things quite that way. Already private companies have taken some two-thirds of the parcel business over the past 25 years, leaving the Bundespost with the delivery of an annual 62m parcels and packages.

Despite the fact that its operation is hardly underway, the union fears that UPS because of its size in the U.S. poses the greatest threat to the Federal postal service. Union officials accuse the company of trying to cream off the most profitable business and claim that the Bundespost will be stuck with the money-losing left-overs

Spurring the Union's complaints are the near certain prospects of a reduction of 50,000 in its labour force of about 420,000. The response in some official quarters has been that the government may introduce "legislative corrective measures"—a rather transparent euphemism of imposing a Bundespost monopoly on the last area of postal activities open to private enterprise.

The response of the Bundespost itself has been to promise a better service. And, recently, postmen all over Germany were stuffing letter boxes with a circular addressed "Dear postal service customer." It solicited the customers' comments on its service and asked whether they considered the service to be "a horde of bureaucrats" or "a sympathetic, fast and well-organised service undertaking."

While many journalists—German and foreign—would give their rights arms to examine the unfiltered response to this request, it remains to be seen whether it will prevent the gradual erosion of the Bundespost's parcel traffic and stabilise, if not improve, earnings. Last year the deficit on the Post Office's parcel and packet service totalled DM800m. (£221m.).

Employees

Perhaps a further factor that may be causing the West Germans some concern is the UPS' policy of giving its employers a slice of the action—by no means a widespread practice over here.

This could meet opposition from trade unions and employers alike. At present, UPS has no plans for introducing such a scheme here in Germany. Mr. Bolton said that it would not be right to expect German employees to bear any part of the costs or losses involved in starting up the operation. However, widespread employee shareholding was a cornerstone of UPS policy and, naturally, it was hoped that it would be eventually introduced.

UPS feels it has been somewhat unfairly treated in its reception, particularly by the Press. "We feel we have been made the whipping boy—we are certainly not the largest of the Bundespost's private competitors" said Mr. Bolton.

The reception that the public and industry gives its service, however, is the crucial element in whether or not the venture will be a success. So far it has been encouraging, but the test is likely to come when the American managers and supervisors largely withdraw from day-to-day control of the operation.

It is UPS's intention that the concern should be virtually entirely German managed and staffed. Therefore, it will be interesting to see if the intensive American training can permanently imbue its staff with the Anglo-American "the-Customer-Is-Always-Right" philosophy so sadly lacking in many German service operations.

AUSTRALIAN COMPANIES

No Gollin liquidation advocated

BY JAMES FORTH

SYDNEY, Oct. 7.

THE PROVISIONAL liquidators of Gollin Holdings believe the group should continue to trade rather than be liquidated. They are working on schemes of arrangements to be put to creditors of the troubled group, which, if accepted, would mean that Gollin will not be wound up. If creditors do not agree to the schemes of arrangement then Gollin will be liquidated.

Gollin was placed in provisional liquidation in July after losing a desperate nine months battle to remain solvent. The group's difficulties began late last year when a loss of $A18m was reported for 1974-75, largely through losses on steel trading.

The Board started a programme to sell off assets, which has been continued by the provisional liquidators. The amount raised from this programme now totals about $A80m. Gollin is now only involved in timber, tea and coffee, rubber and chemicals, dried fruits and joint ventures in coal. These activities are profitable, and combined with tax losses available to the company, would form the basis for creditors to accept a scheme of arrangement.

The provisional liquidators, Mr. G. J. Hosking and Mr. J. Rogers declined to reply to estimates yesterday of the likely return to creditors, but indicated that they will fall well short of 100 cents in the dollar.

They said the figures available at present indicated that creditors would have to "compromise some substantial part of their debt" for the schemes to be implemented, but they believed this was a better proposition than liquidation of the group.

The schemes are expected to run for seven years. Shareholders will have to wait until creditors have been paid out under the schemes before there will be anything available for them. If the group went into liquidation, however, shareholders would receive nothing.

If the schemes go through Gollin will have an annual turnover of between $A30m. and $A50m a far cry from the $A250m. per annum in the group's heyday. Gollin would operate only in Australia and Papua New Guinea. The company's staff is now down to 240, an 80 per cent. reduction on the 1975 figures.

● Woodside-Burmah Oil announced to-day that an appraisal well will be drilled on the North Rankin natural gas field off the north west coast of Australia. The new well follows the recent reshuffle of interests in the consortium which has made substantial gas discoveries on the north west shelf. Australia's largest company, Broken Hill Proprietary bought Burmah Oil's 42 per cent. stake in Woodside-Burmah and then linked with another consortium member, Shell jointly to manage and control the development of the finds. The other members of the consortium are BP Petroleum Development Australia and California Asiatic, each with a 16.66 per cent. interest. The new well, North Rankin No. 5, is being drilled to gather data which will allow detailed evaluation of the Rankin gas reservoir.

The well, in water depths of 127 metres, is expected to spud in before the end of the week.

● The North West Shelf joint venture expects to begin first deliveries of liquefied natural gas (LNG) from its offshore Western Australian fields in early 1983, Woodside-Burmah Oil said in its report for the half-year ended June 30.

This is based on the assumption early agreement on development terms is reached with the Federal and Western Australian governments and subject to satisfactory progress in the detailed planning and marketing phase.

Both governments are keen to expedite development and Woodside-Burmah assumes it will receive Government approvals by end-1976, the report said.

World Value of the Dollar

The table below gives the latest available rates of exchange for the U.S dollar against various currencies as on Wednesday, October 6. These exchange rates have been compiled by Bank of America NT & SA's world-wide network of branches from various sources. Exchange rates listed are middle rates between buying and selling rates as quoted between banks. Where a multiple exchange rate system is in operation (m), the rate quoted is the commercial rate unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except for U.K sterling (and those currencies at par with sterling) which is quoted in dollars per sterling unit. These rates are asterisked.

All rates quoted are for indication purposes only and are not based on, and are not intended to be used as a basis for, particular transactions. By quoting the following exchange rates, Bank of America NT & SA does not undertake to trade in all listed foreign currencies and does not assume any responsibility for any errors in the table below.

Bank of America
Eurodollar Libor as of October 7 at 11.00 a.m.
3 months: 5[illegible] 6 months: 6[illegible]

SDR1 = US$1.1578[illegible]

Country	Currency	Value of DLR	Country	Currency	Value of DLR	Country	Currency	Value of DLR
Afars & Issas	Djibouti Franc	[illegible]	Grenada	E. Caribbean $	2.70	[illegible]	Guarani	[illegible]
[illegible]	[illegible]	[illegible]	Guadeloupe	Local Franc	4.9[illegible]	Peo's D. Rp. of Yemen	S. Yemen Dinar	[illegible]
[illegible]	Lek	[illegible]	Guam	U.S. $	1.00	Peru	Sol	[illegible]
[illegible]	Dinar	[illegible]	Guatemala	Quetzal	1.00	Philippines	Ph. Peso	[illegible]
Andorra	Fr. Franc	4.9[illegible]	Guinea Rep	Syli	21.[illegible]	Pitcairn Is.	[illegible]	[illegible]
	Sp. Peseta	[illegible]	Guinea Bissau	Peso	[illegible]	Poland	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
[illegible] 1986	104½	105
[illegible] 1991	97½	99
[illegible] 1986	103½	104
[illegible] 1991	100½	101
CNE [illegible]	101¼	102
Denmark 8½pc 1984	97	97¾
[illegible]	102	102½
[illegible]	[illegible]	98½
[illegible] 1985	101	102¼
Esso 8pc 1986 Nov.	101½	102
Euratom [illegible] 1985	101½	102½
[illegible] 1985	103½	104
[illegible] Canada 9½pc 1986	103½	104
Massey Ferguson 9½pc 1991	101¼	101¾
Michelin [illegible]	101½	102
[illegible]	102	102¼
Nat. Westminster 9pc 1986	99½	100½
Newfoundland [illegible] 1985	100	100½
[illegible] 1986	101	102¼
Norsk Hydro [illegible] 1991	99½	100
[illegible] 1984	101½	102
[illegible] Ontario [illegible] 1984	102½	105¼
Sandvik [illegible]	102	102¼
[illegible] 1986	100	101½
[illegible] 1987	101	102¼
[illegible]	102½	103½
[illegible] 1986	102	101½
[illegible]	104	105
NOTES		
[illegible]	99½	100½
[illegible] 1981	102	102½
[illegible]	102½	103
[illegible] 1983	101	101½
[illegible]	102	102¾
[illegible]	99½	100¼
[illegible]	99½	100
[illegible]	100½	101½
[illegible] 10pc 1981	103½	104
[illegible] 1987	100	100½
[illegible]	102	102½
[illegible]	102	103½
Source: [illegible] White Weld Securities.		
CONVERTIBLES	**Bid**	**Offer**
American Express 4¼pc '87	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible] Foods 4½pc 1992	[illegible]	102½
[illegible] Foods 4½pc 1992	129	131
[illegible]	100	102
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	
[illegible]	94	96
[illegible]	114	116
[illegible]	[illegible]	[illegible]
[illegible] Kodak 4½pc 1988	100½	105½
[illegible]	[illegible]	80
[illegible]	110	[illegible]
[illegible] 1988	[illegible]	90
[illegible]	96½	[illegible]
[illegible]	88	90
[illegible] Electric 4½pc 1987	[illegible]	86
[illegible]	[illegible]	[illegible]

STRAIGHTS	Bid	Offer
Gould 5pc 1987	100	102
Gulf and Western 5pc 1988	92½	94½
Harris 5pc 1992	93	95
Honeywell 6pc 1986	92½	94½
ITT 4½pc 1987	79	81
Komatsu 7½pc 1990	106	107
J. Ray McDermott 4¾pc '87	149½	151½
Mitsubishi Elec. 7½pc 1991	107½	108½
Mitsui 7½pc 1990	105	107
J. P. Morgan 4½pc 1987	109	111
Nabisco 5½pc 1988	92½	94½
Owens Illinois 4½pc 1987	106½	108½
J. C. Penney 4½pc 1987	83	85
Pioneer 6½pc 1989	[illegible]	
Raymond 8½pc 1989	104½	105½
Revlon 4½pc 1987	126½	128½
Reynolds Metals 5pc 1988	94	96
Sperry Rand 4½pc 1987	99	100
Squibb 4½pc 1987	81	83
Texaco 4½pc 1988	79	80
Toshiba 6½pc 1990	106½	107½
Union Carbide 4½pc 1982	109	110
Warner Lambert 4½pc 1987	88	90
Warner Lambert 4½pc 1988	[illegible]	[illegible]
Xerox 5pc 1988	73½	77½

Source: Kidder Peabody Securities.

Far East merchant banking

A DETAILED study "Merchant Banking in the Far East," which has just been published by The Banker Research Unit, stresses that within Asia it is pointless to discuss merchant banking in general terms. "Merchant banking and its functions are defined differently in each country both by the Government and by the economy within which they operate."

Researched and written by Michael T. Skully of the University of New South Wales, "Merchant Banking in The Far East" covers extensively the background, the development, the operations and the future of merchant banking in Australia.

Universal Gas reorganisation

FINANCIAL TIMES REPORTER

CALGARY, Oct. 7.

UNIVERSAL GAS Company said it completed its previously planned reorganisation by selling substantially all of its undeveloped exploration properties to Universal Explorations, a wholly owned subsidiary, for $2.25m

Universal Gas said the sale price represented the current fair market value of the properties. The company added that the transaction was completed by Universal Explorations issuing a one-year secured debenture for "substantially all the purchase price" to Universal Gas.

A spokesman confirmed that the previously reported negotiations for the sale of Universal Gas are continuing.

In addition Universal Gas said it declared a dividend of 1.35 cents a share payable on November 9, to holders of record October 19. As previously announced the dividend will be satisfied by issuing shareholders one share of Universal Explorations for each share of Universal Gas.

U.S shareholders won't be entitled to receive shares of Universal Explorations under the proposed stock distribution. The company said these shares will be sold by its transfer agent for the account of U.S. holders.

AP-DJ

Kaiser prospectus

VANCOUVER, Oct. 6.

KAISER Resources said it has filed a preliminary prospectus with Canadian regulatory bodies in connection with the proposed sale by Kaiser Steel Corporation of 3,500,000 of its shares of Waiser Resources to the public.

Kaiser Steel Corporation holds about 12.2m. shares, a 47.6 per cent. interest in Kaiser Resources

Reuter

هكذا من الأصل

The Property Market

BY QUENTIN GUIRDHAM

Growing U.S. interest from British funds

WILLIAM Zeckendorf, the crash of whose real estate empire 11 years ago left certain British fingers burned, died last week in New York aged 71. The present march of British funds to the States involves rather more cautious projects than those which Zeckendorf made famous, though the news that the Electricity Supply Industry schemes have made a $10m. loan to L'Enfant Plaza Properties gives them the introduction to an impressive chunk of Washington.

Total area is 2m. square feet, with approaching 70 per cent of the $11m rents coming from the well-let offices. ESI must be looking to use its loan to gain an equity share, preferably a majority one, at some time in the future. It has another back-to-back loan involving around $10m. arranged for further purchases through its advisers Landauer Associates.

Another newcomer to the U.S., Jones Lang Wootton, whose New York office has not been fully operational for 18 months, says that it is now considering a second office on the West Coast. The main accent so far has been investment and valuation.

It has, for instance, been instructed to value a $40m. estate mainly in Florida and appointed adviser by a Middle East company on a $100m commercial complex in Atlanta. On the British investor side, a group of pension funds has appointed JLW consultants following acquisitions of $20m and a single fund has, so the agents report, instructed them to build up a $25m. portfolio.

According to Martin Myers, who runs the office, the major advantage of U.S. investment is the fact of existing mortgages being freely transferable. This enables funds to purchase a much wider spread of properties than is the case in the U.K. or Europe. As mortgages are typically non-recourse, the risk is kept down and this represents an easy way into cheap fixed rate money.

One snag: competition, Myers says, really is tough. "We have to tender for every deal. When we get a job, it is usually about three times harder to conclude than in the U.K. Scale fees are illegal and every commission and fee has to be negotiated."

Wingate sells in Brussels

Wingate Investments has raised about £3½m., which represents a decent profit, on its office development in Rue Belliard, Brussels. The buyer was one of Belgium's leading insurance companies, Prevoyance Sociale, represented by Richard Ellis' Brussels office.

This was one of the Brussels schemes where the timing was right, with the site acquired in 1972 and the building let almost immediately on completion in April, 1974. The rent accepted then was not the top asking rate, but Wingate settled for B.Frs.2,890 per metre a year on the 5,300 square metres of offices, the tenant being part of the Belgian finance ministry and the lease having no break clause after the first three years, just at the sixth and ninth year. The rent has now indexed up to around B.Frs.3,300. The deal shows Prevoyance Sociale a yield of around 7½ per cent.

This was a sale going through before Wingate went to Wimpey and completion was not altered by the takeover. Whether it is the sort of investment Wimpey might have held, if the ball had not been already rolling and the price offered a little lower, is not yet clear. Meetings between the Wimpey and Wingate managers on long-term strategy start next week.

Argyle anti-climax

After holding out till the last moment, what the Post Office Staff Superannuation Fund has won from the Argyle bid is the right to buy the bidder's shares. This is described by the fund's advisers, Samuel Montagu, as "something of value," though adding that the fund has "not considered the possibility" of investing in Générale Occidentale shares.

The fund, with 29 per cent. of the shares being bid for, held the key to the bid by a subsidiary of Générale Occidentale. Without its acceptance, GO could not have got the 90 per cent. of outstanding shares necessary to make the bid unconditional and so absorb Argyle. The fund apparently thought the 50p offer reasonable, though net assets were given at double that, but would still have liked to hold Argle for the medium term.

It seems surprising that, with this key holding, something more could not be wrung out of GO. The benefit to the fund, should it want to buy GO shares, of having that group guarantee to make them available to them between October 18 and December 3, remains to be seen. To buy £1½m. worth during that period might indeed move the price, though the Paris index has been making new lows this week. But the fact that such a large potential buyer is around, even outside the market, can hardly be bad for GO's share price.

Presumably some Argyle shareholders, noting this concession won for them by the fund, will even go through the exchange premium in order to buy the shares so kindly made available to them by the "certain holders" with whom GO has made its arrangement.

Supershops management established

As construction work on one of Europe's largest covered shopping areas proceeds on schedule at Milton Keynes new town in Buckinghamshire, a management company has been formed to oversee the centre's operations.

The 1m. square feet shopping area, which will form the hub of the new town, is not due to open its doors to the public for nearly two years. The Milton Keynes Development Corporation is, however, keen to get the management company off the ground without further delay in order to ensure that the problems associated with the opening of such a major complex have all been sorted out by the time trading begins.

The trading complex, which is costing an estimated £36m. in all—£24m. of which is coming from the Post Office Staff Superannuation Fund—will offer 170 retailing units and so far over 70 shops have been completed. Major names which have already signed up include John Lewis, due to open in 1979, Boots, Waitrose, Woolworth and the London Co-operative Society.

The chairman of the new management company, which will work closely with the Development Corporation, is Horace Cutler, opposition leader on the GLC, and other Board members will be drawn from retailing, financial, commercial and industrial interests in the area. There are also plans to establish a centre association which will provide a link between the tenants and the management company.

While the new company will not come into its own until the shopping areas begin to trade, the Development Corporation is now in the final stages of preparing a major promotional drive to attract the single-unit retailers essential to the development's success. With most of the big-name department stores already under its wing, the Corporation is attaching a great deal of importance to selling space to the smaller specialist retailers and plans a nationwide mail-shot exercise to extol the virtues of setting up shop in the centre of a new town which should have a population of around 250,000 by the mid-1990s. At the moment, there are about 72,000 residents.

Apart from the new shopping area, which is being built from scratch on a greenfield site, Milton Keynes is also developing a well structured system of local shopping facilities, which includes retail outlets on individual estates as well as district shopping centres based on the new town's three major population centres. The central shopping area is expected to draw in shoppers from the entire new town region and well beyond its boundaries.

Despite some recent lettings, Bristol still has plenty of good office space available, with Temple Way, finished this week, the latest addition. This is the Scottish Life Assurance development, totalling 80,000 sq. ft., but with two blocks of 54,000 sq. ft. and 24,000 sq. ft. self-contained. The striking feature is the all-glass cladding, the windows having a bronze tint. Tim Stevenson, partner with letting agents Lalonde Bros. and Parham, is pitching the marketing at large London companies wanting to relocate.

OUT AND ABOUT

● Standard Life Pension Funds have paid around £575,000 for 6-7, High Street, Oxford, subject to a leaseback to sellers International Stores. It is a 40 foot frontage with sales area of 3,000 square feet and offices on the three floors above of 5,000 square feet. Ratcliffes acted for Standard Life; J. Trevor and Sons for IS.

● Kent County Council Pension Fund has bought ten warehouse units on the Boyatt Wood Estate, Eastleigh, Hants., for £480,000. Vendors were a subsidiary of Wellco Holdings (formerly Hawkins Developments). The units total 33,725 square feet and are producing £45,150. Richard Ellis acted for the fund.

● Spillers Superannuation Fund (1952), through their retained surveyors David C. Hunter, have spent £1.84m. on a spread of investments: a new Chown Securities supermarket and shop development at Chingford, London, E.4, where Ratcliffes acted for Chown (Hunter states that net yield is 8 per cent.); a shopping precinct in Commercial Road, Totton, near Southampton, sold through Cyril Leonard and Co.; and Lindsay House, High Street, Stockton on Tees, a reversionary shop and office property sold by Bernard Thorpe for English Property Corporation.

● Barclays Bank Trust Company, represented by Hillier Parker May and Rowden, has sold Vanbrugh Life Assurance the period building in Queen Street, London W1 which is the head office of De Vere Hotels. The rack rented premises total 3,025 square feet and the De Vere lease runs to 1980. Price was something over £250,000.

● Six of the 11 suites in the Land Securities refurbishment of 1/11 Hay Hill, London W1 have been let before building works are completed, reports Leavers. The remaining suites in the 20,000 square feet scheme, ranging from 1,750 square feet up, are being offered at £10 a square foot.

● County and Suburban Properties has won an unspecified IDC and started on the first phase—70,000 square feet of factories, 30,000 square feet of warehouses— of the London Industrial Park, Beckton, which falls in the Docklands area of East London. It is a 65-acre project which could go to 1m. square feet and was this week given Sir Reg Goodwin, the GLC Leader's blessing at a launching party. Agents are Weatherall Green and Smith and Keith Cardale Groves.

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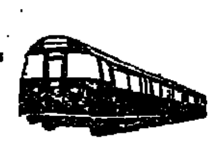

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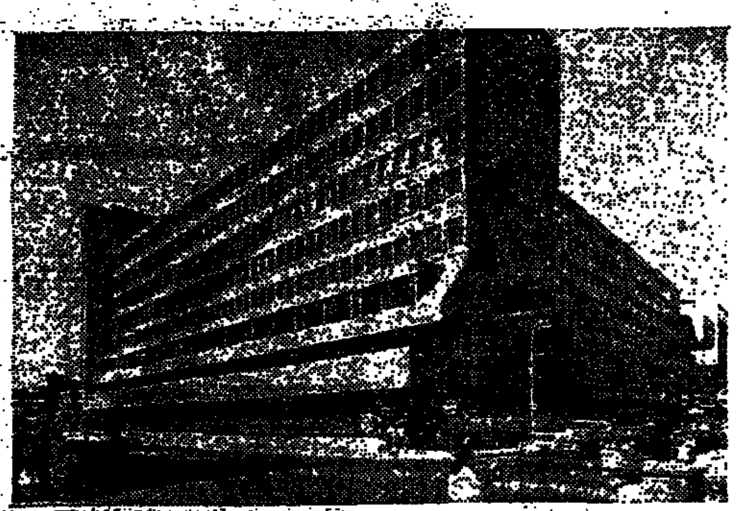

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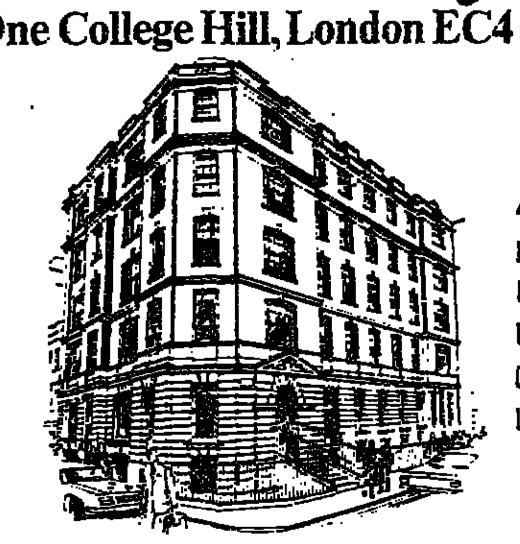

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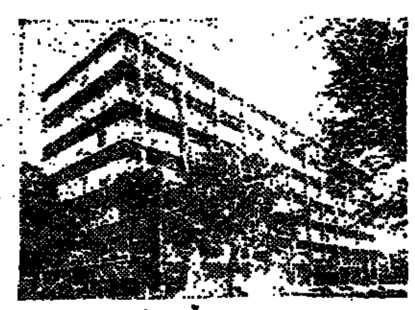

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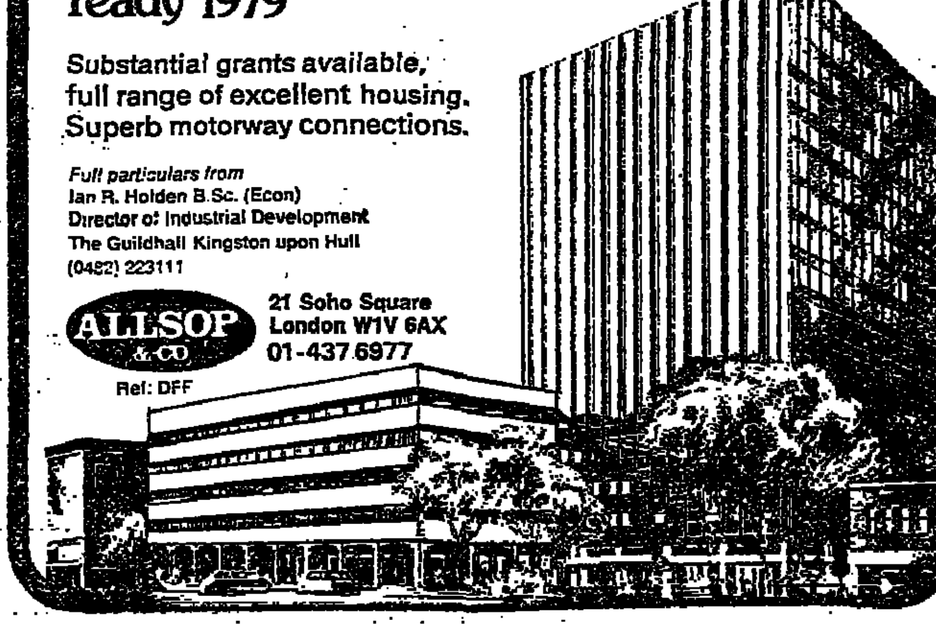

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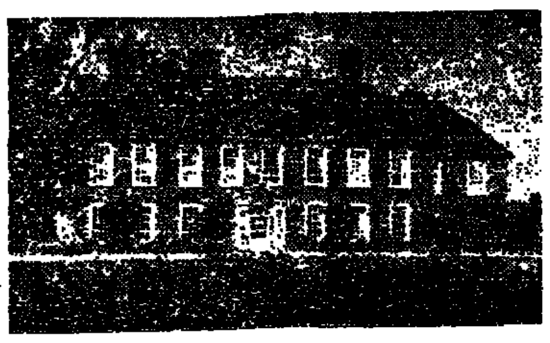

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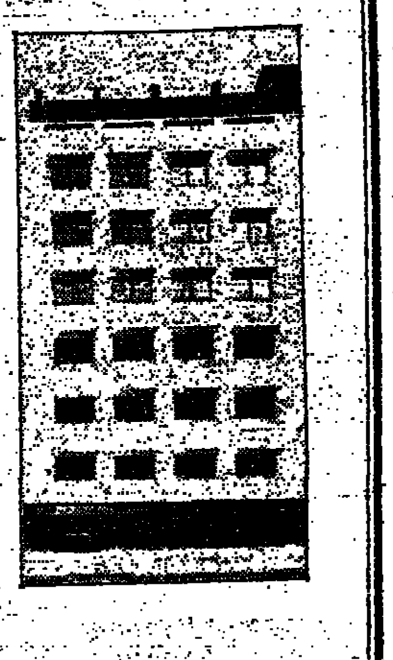

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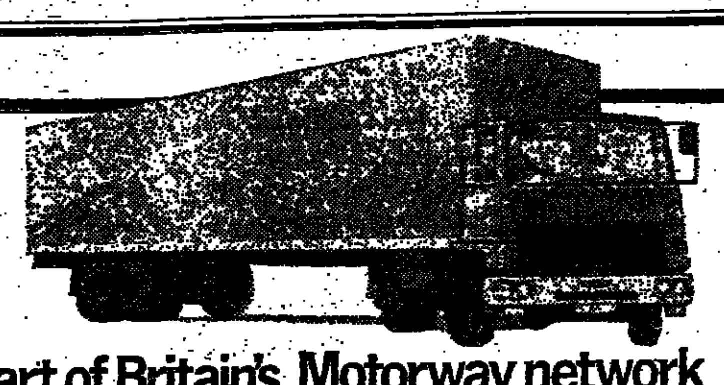

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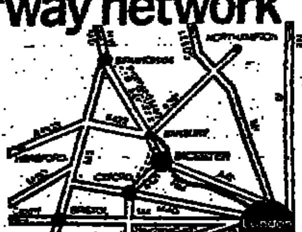

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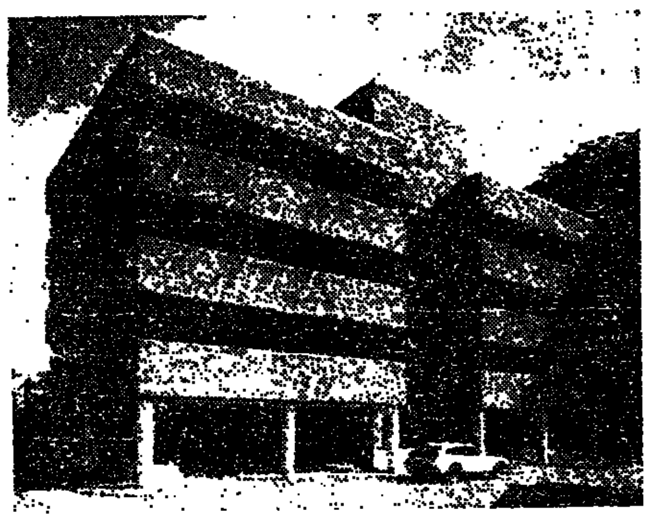

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FOR INVESTMENT

U.S. OFFSHORE REVIEW

BY RAY DAFTER IN NEW ORLEANS

Searching for deeper fields

AS U.S. offshore drilling moves into deeper waters, more akin to conditions in the northern North Sea area, oil companies are paying greater attention to the development of more sophisticated—and costly—production systems. The oil industry has so far drilled over 20,000 wells in the 28 years of American offshore oil and gas exploration. During that time, over 7bn. barrels and almost 37,000bn. cubic feet of natural gas have been produced as a result of these finds. More than 75 per cent. of this oil and over 90 per cent. of the gas has been won from the relatively shallow and usually friendly waters of the Gulf of Mexico. But the picture is changing, if slowly. The latest exploration leases do take in small areas with depths of up to 2,000 feet.

At present only about 5 per cent. of the U.S. continental shelf has been offered for lease: the three main production areas remain the Gulf of Mexico, offshore South California, and Cook Inlet, Alaska, which are yielding about 18 per cent. of the domestic American oil and gas. If the U.S. is to alleviate its mounting energy problems it must turn increasingly to offshore production and more so in deeper, less hospitable waters. Two basic obstacles exist, however: regulatory controls and environmental pressures.

Projections

Many fields, particularly those in the Gulf of Mexico, are now being depleted. Estimated U.S. offshore production from major fields last year fell to 964,383 barrels a day as against 1.15m. in 1974 and 1.7m. in 1971. U.S. imports of crude oil are rising, while projections suggest that about half of the domestic energy production in 1985 will have to come from offshore oil and gas areas, mainly the U.S. outer continental shelf.

Moves to speed-up the allocation of new exploration areas have been frustrated in Congress by the forthcoming elections. Furthermore, oil companies see the present coastal State jurisdiction as an impediment to offshore exploration. The 1958 Convention on the continental shelf holds that State jurisdiction over seabed resources extends at least to a depth of about 650 feet and beyond that to the limit that technology permits. This in itself raises two questions: who is to arbitrate on the issue of technology, and who is to exercise authority beyond the limits of coastal State jurisdiction? There is still plenty of shallow water acreage to be leased, but it cannot be long before oil companies will have to venture into deeped waters. Environmental considerations have also become a key issue in the offshore venture, as it has with development of almost all energy forms. At one stage it seemed that environmental pressure might scuttle, or at least delay, the latest round of leases in Baltimore Canyon trough, some 50 miles off New Jersey. This acreage was awarded in August.

For its part, the oil industry is going out of its way to emphasise its past records—only one accident has caused severe temporary pollution to beaches and shores—and to stress the environmental fire service that it has established. For instance, 15 companies have formed Clean Seas Inc. to clean some 250 miles of the Santa Barbara Channel in the case of a spillage. It was in the channel in January 1969 that the offshore industry suffered a severe blowout and oil spill. A similar stand-by organisation, Clean Gulf Associates, has been formed by over 45 companies in the Gulf of Mexico.

It is in the Gulf of Mexico and the Santa Barbara Channel that much of the development work on deeper water production technology is taking place. Exxon, for example, has three distinct projects in hand. It is not alone: Shell, an important participant in U.S. offshore exploration, is testing a sub-sea production system in the gulf. But Exxon's projects serve to illustrate the way that future oil will be developed, both in the U.S. and in other world offshore areas like the North Sea. Exxon is now completing a $67m. production platform—claimed to be the world's tallest—which has been positioned in 850 feet of water in the Santa Barbara Channel. Production from this steel-framed prototype unit is due to begin in 1978 at *a rate of about 20,000 barrels a* day.

In the gulf, offshore Louisiana, a new type of offshore platform which may have particular relevance to the northern North Sea is undergoing trails. The "guyed tower" system, as it is termed, is essentially a tall, slim, steel structure which is allowed to move with waves. The angle of tilt can be one or two degrees from the vertical. The structure, anchored in the gulf, is essentially a 270 ft. model, standing in 300 feet of water. The $3m. platform has been constructed to one-fifth scale, a design thought suitable for 1,500 feet of water. Exxon believes that the "guyed tower" system would answer the needs of developing fields in water depths of between 1,000 and 2,000 feet. A slightly smaller, more rigid version, could conceivably be a competitor to the tension or tethered legged systems that are being evaluated by British Petroleum for the development of the North Sea Magnus Field.

Exxon engineers are still waiting for the 20 feet gulf wave which would simulate a 100 ft. surge. Although Gulf of Mexico weather conditions are idyllic when compared with those experienced by operators in the North Sea—for at least 90 per cent. of the time waves are less than 5 feet high—structures must be constructed to withstand the 150 mph hurricanes and 100 feet waves.

Robot repairs

Although expensive, underwater production systems could overcome many of the problems associated with deep water field development and bad weather. like Shell, Exxon has its own submerged production system (SPS), which it feels should be applicable in water depths exceeding 2,000 feet Shell and Exxon are currently testing an *experimental subsea unit on their North Sea Brent Field.* Exxon is about to start testing its SPS which, it claims, breaks new ground by being independent of divers. The £60m. prototype can be repaired, and if necessary operated, by a robot, affectionally called the $4m. man. Here again the subsea unit is thought to have North Sea applications.

The SPS is being operated from Exxon's West Delta 73 Field which was discovered in 1962. The field has so far pro*duced over 140m. barrels of oil;* output is currently running at a rate of about 23,000 barrels a day and 50m. cubic feet of gas per day. At this rate, recoverable reserves would be exhausted within six years, even with water injection which has pushed up the recovery rate of 50 per cent. of reserves-in-place. *As production will* inevitably tail off towards the end, West Delta 73 may still be producing in nine or 10 years' time. "She is bit like an Old Jessie. We wish we were starting again like those in the North Sea," commented a seasoned hand on board one of the field's five production platforms.

In U.K. terms, five platforms for a relatively small field may seem extravagance, but Gulf structures standing in a few hundred feet of water are far cheaper than North Sea units. So much so, when you survey the ocean around West Delta 73, it is possible to see perhaps 100 similar structures—an impressive display of maritime mushrooms. All told there are some 2,723 fixed structures in the gulf, producing some 1.1m. barrels a day of oil and 10.9bn. cubic feet of gas per day. The gulf is also the most active exploration area in the U.S. A quarter of all mobile offshore rigs are located within 400 miles of the Texas/Louisiana coastal border. The drilling emphasis may change somewhat following the August leasing in the Baltimore Canyon Trough.

However, the U.S. Geological Survey estimates that reserves in the area could range from 400m. to 1.4bn. barrels of crude and from 2.6 trillion to 9.4 trillion cubic feet of natural gas.

Many in the oil industry are sceptical about these estimates. Some companies feel that the chances of finding commercial oil or gas is about 20 to one. Exxon obviously felt differently. It surprised a good number of oil companies by its level of bidding, a show of determination which some observers felt indicated that Exxon was looking for a one in five chance of finding oil or gas. Exxon entered bids totalling $730m., nearly three times as high as Shell, the next highest bidder. In the event, Exxon won leases which cost $343m., almost four times the outlay of Mobil.

The U.S. offshore venture is no less a gamble than the North Sea, however. Exxon does not need to be reminded that with Mobil and Union Pacific's Champlin Petroleum it bid $632m. in 1973 for leases in the eastern Gulf of Mexico. The area proved to be dry. The experience, imortalised as the Destin Dome Debacle, serves as a constant reminder of the risks.

U.S. OIL AND GAS

ESTIMATED ACCUMULATED PRODUCTION TO END-1975

	Oil and condensate (m. barrels)	Gas (trillion cu. ft.)
Alaska	513,632	539,274
California	1,672,013	652,559
Louisiana	4,850,930	33,236,793
Texas	31,408	248,115
Total	7,067,983	36,910,741

Source: EXXON

OFFSHORE OIL AND GAS PRODUCTION IN 1975

	Oil and condensate (m. barrels)	Gas (trillion cu. ft.)
Louisiana	353,570	3,821,746
Texas	2,136	332,862
California	79,575	27,272
Alaska	59,999	75,581
Total offshore	495,250	4,257,461
Total U.S. production	3,056,000	20,100,100

Source: EXXON

POTENTIAL OFFSHORE UNDISCOVERED RECOVERABLE RESERVES

	Oil (billion barrels)	Gas (trillion cu. ft.)
Alaska	3-31	8-80
Pacific Coast	2-5	2-6
Gulf of Mexico	3-8	18-91
Atlantic Coast	2-4	5-14

(Total potential U.S. undiscovered recoverable reserves on land and offshore oil 50bn. to 127bn. barrels, gas 322 trillion to 655 trillion cubic feet)

Source: U.S. Geological Survey 775

WALL STREET + OVERSEAS MARKETS

Initial losses offset by late rally

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Oct. 7.

IN A session riddled by new inflation worries and concern over the sluggish performance of the U.S. economy the stock market managed to chalk up its first gain in eight sessions.

For most of the day the market had difficulty making up its mind as prices traded on both sides of previous closing levels. But a brisk rally in late trading, said to be triggered largely by a technically oversold condition, provided the market with its first gain since a week ago last Monday.

The Dow Jones Industrial Average closed 3.40 higher at 965.09 while advances led declines 889 to 536. Turnover was 19.33m. shares. The Stock index gained 1.50 to 384.05 while Transports put on 0.77 to end at 211.02.

At mid-day the Industrial Index had been off 4.90 at 954.79. When the market opened, the U.S. Labor Department reported a 0.9 per cent. rise in the September Wholesale Price Index compared with a 0.1 per cent. decline in August. The market had been poised for a rally when the WPI news sent a chill through Wall Street.

Some analysts believed that the magnitude of the market's recent decline had simply made it attractive to bargain hunters.

High quality issues were among the biggest favourites with investors. General Motors rose \$1¼ to \$73¼, IBM \$1¾ to \$281¼, International Paper gained \$2 to \$68¾, Xerox put on \$1½ to \$63⅞, American Broadcasting \$1 to \$35⅞, and Texas Instruments \$1¼ to \$112⅞.

St. Joe Minerals lost \$1½ to \$38⅞, but Corning Glass added \$2¾ to \$71½. Steels were fractionally mixed.

Prices on the American Stock Exchange advanced in moderate trading. The Amex Index rose 0.54 to 100.47, while advances led declines 330-to-245. Turnover amounted to 1.97m. shares against 2.14m. shares on Wednesday.

THURSDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Bank of America	270,300	24¼	+¼
Beatrice Foods	258,700	27⅝	−¼
Texaco	255,400	27⅞	−¼
Dow Chemicals	255,300	41½	+¼
Gen. Electric	274,800	52⅛	+¾
Gen. Motors	274,300	73¼	+1¼
Atlantic Richfield	257,300	57⅞	−¼
Citicorp	252,300	30⅞	−⅜
Polaroid	226,400	40⅛	[illegible]
Nat. Semiconductor	214,600	34	+¼

OTHER MARKETS

Canada mixed

Canadian stock prices made a partial recovery in late trading, enabling the market to close mixed. The Toronto Industrial Index was up 0.70 to 181.89 at the close and Western Oils were up 1.33 to 203.67. Golds, however, finished down 1.00 at 245.29 and Base Metals eased 0.64 to 81.57.

Shares on the Montreal Stock Exchange closed on a mixed note in light trading as all sectors, except Papers, moved higher. The Industrial Index was up 8.33 at 130.57 and Utilities rose 1.03 to 146.34.

Dome Mines was unchanged at \$37½ against a low of \$26½ earlier.

PARIS—Prices were generally higher but trading volume was low since many bourse employees were out in support of the one-day national strike. Banks, Foods, Engineerings, Stores and French Oils advanced, but Hotels, Printings, Metals and Textiles all eased. BSN Gervais rose Frs.20 to Frs. 542 while Redoute advanced Frs.7 to Frs.595. Usinor, Aquitaine Carrefour and Peugeot were all sharply ahead.

AMSTERDAM—Shares generally firmed after the previous sharp fall. Unilever led otherwise small gains in Dutch Internationals. Elsewhere the rise was led by Transportations. Reinemen up Fl.4.5 to Fl.131 and Bijenkorf Ahold gained Fl.2 to Fl.80. But losses predominated in Industrial stocks with major declines in Gist down Fl1, Pakhoed off Fl.1.4 and Boer Elsevier lost Fl. 8 to Fl.251 while OCE shed Fl1. The bourse index ended at 79.5—a low for 1976

BRUSSELS—The market continued to decline, but in fairly quiet trading with small price movements. Vieille Montagne put on B.Frs.40, Arbed GB-Inno-BM B.Frs.30 against the trend Falls included Reserve, Sofina, Sidro, Cobepa, most Electrical shares, Asturienne, Union Miniere, Hinaut-Sambre, Wagons-Lits, UCB and CBR. UCB lost BFrs.45, Sofina BFrs.60 and Electrobel BFrs.30. However Petrofina SA and Canadian Petrofina were firmer against the trend. The Brussels index touched a new 1976 low.

FRANKFURT—The market was mixed with some shares recovering from Wednesday's sharp losses in quieter trading. Engineering shares led by Mannesmann up DM3 rose on institutional demand. Lufthansa Preference and Volkswagen each gained DM2.30, while Kaufhof and Karstadt in Stores registered small losses. Elsewhere Chemicals and Electricals were steady, while Banks and Motors were barely maintained. The Frankfurt Bourse index ended at 723.6—a new 1976 low.

ZURICH—The market ruled narrowly mixed in listless trading with sentiment reflecting uncertainty over domestic economic prospects. Swissair Bearer was weaker in Transports, while leading Banks and Insurances were steady. In Financials, Juvena Bearer, Oerlikon-Buehrle Registered and Presse-Finanz closed steady Yet Oerlikon-Buehrle Bearer and Landis edged lower Interfood and Alusuisse were also weak.

MILAN—The market closed generally higher in moderately active trading, in partial reaction to recent weakness. Fiat, Montedison, Snia Viscosa and both Pirellis and Olivettis, gained, while Anic held steady. Other gainers included Bastogi in Financials while IFI fell slightly. Assicurazioni Generali in Insurances and Mediobanca in Banks both gained.

OSLO—Banks, Insurances and Shippings were irregular and Industrials weaker.

VIENNA—The market closed steady, although Creditanstalt was very weak.

COPENHAGEN—Generally higher in moderate dealings.

JOHANNESBURG — Golds moved off the top late in the afternoon, and dealers attributed some of this movement to a slight drop in the Securities Rand quote. Financial Minings were basically steady at the earlier higher levels De Beers lost earlier gains to rule 2c down on the day at R3.43. Coppers were generally down on the day and platinums lost 1 to 2 cents in quiet trade. Other minerals were also slightly off the top but steady. The Industrial sector was quiet and slightly easier on balance.

HONG KONG—The market fell again in moderate trading, although there was some recovery in the afternoon. The reason for the fall was the decline in overseas markets overnight.

TOKYO—The market fell throughout the day in the absence of encouraging factors.

Electricals and some other Blue Chips levelled off after the retreat on Wall Street. TDK Electronics lost Y30 to Y1820, Pioneer Y20 to Y2260, Matsushita Electric Y6 to Y620 and Honda Motor Y12 to Y631.

AUSTRALIA—Oil shares were firm following the I.A.C. call for higher prices, but other sectors continued to ease. Ampol Ex gained five cents to \$A1.20 and Woodside Burmah four cents to \$A1.22. Santos and Ampol Petroleum firmed three cents each. BHP was 10 cents higher at \$A7.50 but its Rights eased. In mining issues BH South lost 12 cents at \$A1.58. Peko-Wallsend 10 cents to \$A5.40, Pancontinental 40 cents to \$A11. But AMS, CRA, Queensland Mines, Western Mining, Oakbridge and Poseidon were all higher.

Indices

NEW YORK — DOW JONES

	Oct. 7	Oct. 6	Oct. 5	Oct. 4	Oct. 1	Sept. 30	1976 High	1976 Low	Since compilation High	Since compilation Low
Industrials	965.09	959.69	966.76	977.96	979.89	990.19	1014.79 (21/9)	858.71 (2/1)	1051.70 (11/1/73)	41.22 (2/7/32)
Home Bnds	89.65	89.47	89.58	89.45	89.39	89.26	89.86 (22/3)	85.68 (2/1)	—	—
Transport	211.02	210.25	212.12	214.86	216.10	217.64	231.27 (14.7)	175.69 (2/1)	79.88 (7/2/69)	13.23 (8/7/32)
Utilities	98.42	97.67	97.90	98.00	97.74	97.76	99.02 (21/9)	84.8 (26/1)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	19,650	20,870	18,200	12,750	20,620	14,700	—	—	—	—

* Basis of index changed from July 1

	Oct. 1	Sept. 24	Sept. 17	Year ago (approx.)
Ind. div. yield %	3.92	3.80	3.85	4.67

STANDARDS AND POORS

	Oct. 7	Oct. 6	Oct. 5	Oct. 4	Oct. 1	Sept. 30	1976 High	1976 Low	Since compilation High	Since compilation Low
* Industrials	116.04	115.37	116.67	117.29	118.60	118.07	120.89 (21/9)	101.64 (2/1)	134.64 (11/1/73)	3.52 (30/6/32)
Composite	105.54	102.97	103.25	104.62	104.17	105.24	107.83 (21/9)	90.90 (2/1)	120.24 (11/1/73)	4.40 (1/6/32)

	Oct. 7	Sept. 29	Sept. 22	Year ago (approx)
Ind. div. yield %	3.55	3.46	3.40	3.96
Ind. P/E Ratio	11.66	11.97	12.21	11.32
Long Govt. Bond yield	3.23	5.25	5.18	6.10

N.Y.S.E. ALL COMMON

Oct. 7	Oct. 6	Oct. 5	Oct. 4	1976 High	1976 Low
55.35	55.04	55.20	55.62	57.51 (21/9/76)	47.06 (2/1/76)

Rises and Falls	Oct. 7
Issues Traded—1,888	Up—889
Down—536	Same—463
New Highs 57	New Lows 53

	Oct. 7	Oct. 6	Oct. 5	Oct. 4	1976 High	1976 Low
MONTREAL Industrials	130.57	179.68	181.50	182.82	247.66 (13/5)	176.62 (2/1)
MONTREAL Combined	181.55	180.49	182.22	186.20	199.78 (20/5)	175.67 (2/1)
TORONTO Industrial	181.89	181.19	182.74	155.65	197.46 (20/5)	175.01 (2/1)
JOHANNESBURG Gold	146.9	142.0	138.0	138.5	226.7 (12/5)	115.5 [illegible]
JOHANNESBURG Industrials	187.9	187.9	187.5	188.4	215.0 (21/5)	177.1 [illegible]

	Oct. 7	Previous	1976 High	1976 Low
Australia (a)	461.00	461.62	525.55 (13/5)	440.52 (4/1)
Belgium (b)	90.91	91.07	115.16 (15/2)	90.91 (7/10)
Denmark (c)	104.20	104.56	117.70 (19/3)	[illegible]
France (d)	57.1	56.5	74.3 (5/3)	56.8 (6/10)
Germany (e)	725.6	724.9	821.7 (11/5)	725.6 (7/10)
Holland (f)	79.5	73.7	100.5 (5/2)	79.5 (7/10)
Hongkong (g)	404.21	406.50	465.55 (17/5)	354.65 (2/1)
Italy (h)	72.06	71.32	91.57 (26/2)	71.32 (6/10)
Japan (i)	336.00	335.62	355.61 (1/9)	310.11 (21/1)
Singapore (k)	265.55	264.24	299.16 [illegible]	256.50 (2/1)

	Oct. 7	Previous	1976 High	1976 Low
Spain (p)	78.53	79.07	100.75 (1/5)	78.53 (7/10)
Sweden (q)	384.64	388.79	476.96 (10/6)	355.79 (6/10)
Switz'rl'd (r)	271.7	272.5	298.6 (12/5)	269.7 [illegible]

Indices and base dates (all base values 100 except NYSE All Common—50 and Standards and Poors 10; (a) Sydney All Ord (b) Belgian SE 31/12/63 (c) Copenhagen SE 1/1/73 (e) Paris Bourse 1961 (f) Commerzbank December, 1953 (g) Amsterdam Industrial 1970 (h) Hang Seng Bank 31/7/64 (i) Milan 2/1/73 (m) Tokyo New SE 4/1/68 (n) Straits Times 1966 (p) Madrid SE 31/12/74 (q) Stockholm Industrials 1/1/58 (r) Swiss Bank Corp. 31/12/58 (u) Unavailable ‡ Excluding bonds * 400 Industrials † 400 Inds. 40 Utilities 40 Finance and 20 Transport (o) Closed

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.

● DM50 denom. unless otherwise stated
♥ Ptas.500 denom. unless otherwise stated
♣ Kr.100 denom. unless otherwise stated

OVERSEAS SHARE INFORMATION

Investment premium based on \$2.60 per £—129% (131%)

+ FOREIGN EXCHANGES

Slight forward fall

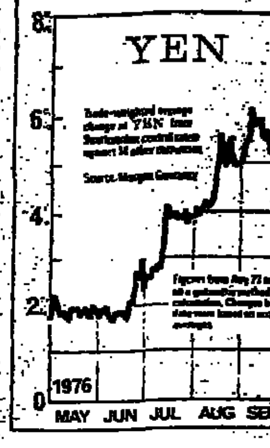
The forward pound lost a modest amount of ground yesterday, as the Bank of England Minimum Lending Rate increase, of 2 per cent. to 15 per cent., helped to strengthen the spot pound. The spot pound recovered 1.35 points on balance against the U.S. dollar, to \$1.6650-1.6660. The three-month discount on sterling, against the dollar, widened on the day to 4.95c., from 4.75c. This movement—which measures the cost of running short of sterling against dollars—was equivalent to a rise of ½ per cent. in annual interest terms.

A good turnover was seen in the spot pound, which opened in London at \$1.6485-1.6495, but by noon reached \$1.6525-1.6550, ahead of the MLR increase, and then jumped by one point to \$1.6730-\$1.6750, before easing back in the later stages. The three-month discount at one point touched 5.05c. The day-to-day swap ended around 3½ points, or just over 12 per cent. in annual interest terms.

The Bank of England calculation of the pound's trade-weighted loss against ten currencies since the Washington Currency agreement of December, 1971, narrowed on balance to 44.6 per cent., from the previous 45.5 per cent.—and stood at 45.1 per cent. at noon, after 46.2 per cent. in early dealings.

The Morgan Guaranty calculation of the pound's weighted fall against 13 currencies since the Washington agreement, narrowed on the day (as of noon in New York) to 42.64 per cent., from 43.17 per cent. The dollar's similar, weighted fall widened to 2.98 per cent., from 2.92 per cent. A fair turnover was seen.

Gold rose \$½ an ounce on balance in the London bullion market, to \$115¾-116, in moderate turnover. The metal opened at \$115¾-116½. The premium on the Krugerrand over its gold content ended at 3.6 per cent. in international dealings, and at 3.8 per cent. in domestic.



SPECIAL DRAWING RIGHTS RATES

One SDR is equal to	Oct. 7	Oct. 6
Sterling	0.699480	0.705478
U.S. dollar	1.15771	1.15783
Belgian franc	45.3216	45.0205
Deutschemark	2.82420	2.82425
French franc	5.72922	5.70492
Italian lira	973.546	974.372
Japanese yen	333.652	332.875
Dutch guilder	2.94811	2.94089
Swedish krona	4.91274	4.91622
Swiss franc	2.85384	2.82858

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington

EXCHANGE CROSS-RATES

Oct. 7	Frankfurt	New York	Paris	Brussels	London	Amsterdam	Zurich
Fr'nkfu't		2.441-442	49.28 34	6.62-65	[illegible]	[illegible]	[illegible]
N. York	40 94 96		20.16 20	2.667-670	[illegible]	[illegible]	[illegible]
Paris	202.7 05.1	4.944 64		15.22 24	[illegible]	[illegible]	[illegible]
Brussels	15.29 36	37.36 45	7.54 07		[illegible]	[illegible]	[illegible]
London	4.065-076	1.6650 60	8.24 96	62.80-50		[illegible]	[illegible]
Am'rd'm	104.37 42	2.545 547	51.37 42	6.797 832	[illegible]		[illegible]
Zurich	100.24 35	2.448 449	49.45 48	6.535-47	[illegible]	[illegible]	

U.S. \$ in Montreal U.S. \$=97.22-24 Canadian cents. Canadian \$ in New York, C \$=102.83-86 U.S. cents.

EURO-CURRENCY INTEREST RATES

FORWARD RATES

GOLD MARKET

FOREIGN EXCHANGES

FINANCIAL TIMES SURVEY

Friday October 8 1976

COTTON

Cotton has staged a remarkable recovery in recent years, fighting off strong competition from synthetic fibres. Its continued success is of vital importance to many countries which depend for foreign exchange on exports of raw cotton and cotton textiles.

King Cotton fights back

THE COMEBACK staged by raw cotton in recent years against the threat posed by synthetic man-made fibres is of significance to the whole commodity trading world. Cotton is grown all over the world in sub-tropical or tropical climates with a large percentage of the production concentrated in the poorer developing countries.

The International Institute for Cotton calculates that cotton production and processing provides the livelihood for at least 170m. people in the Third World, with 125m. directly dependent on cotton crops. In Chad, for example, it is estimated that over 71 per cent. of the population is dependent on cotton, which provides 64.5 per cent. of the country's export earnings. There are many similar examples. Altogether cotton earns over $6bn. a year of valuable foreign currency for developing countries and it is among the commodities most widely traded internationally.

Despite the inroads made by synthetics substitutes, cotton is still by far the world's most important fibre, supplying over 50 per cent. of the total textile market. It has achieved these sales gains despite some sharp price rises in recent years compared with the stagnation of values in the 1960s when massive surplus stocks in the U.S. kept a "ceiling" on the whole world market and there was little incentive to increase production.

The current craze for denim, a very big and still expanding market worldwide, is the most obvious recent success story for cotton. But good progress has been made generally in recapturing some previously lost markets or at least stopping further inroads being made. The 1974 recession hit all fibres in the general decline in demand but significantly cotton was less affected and it has been quick to benefit from the subsequent upturn in consumption.

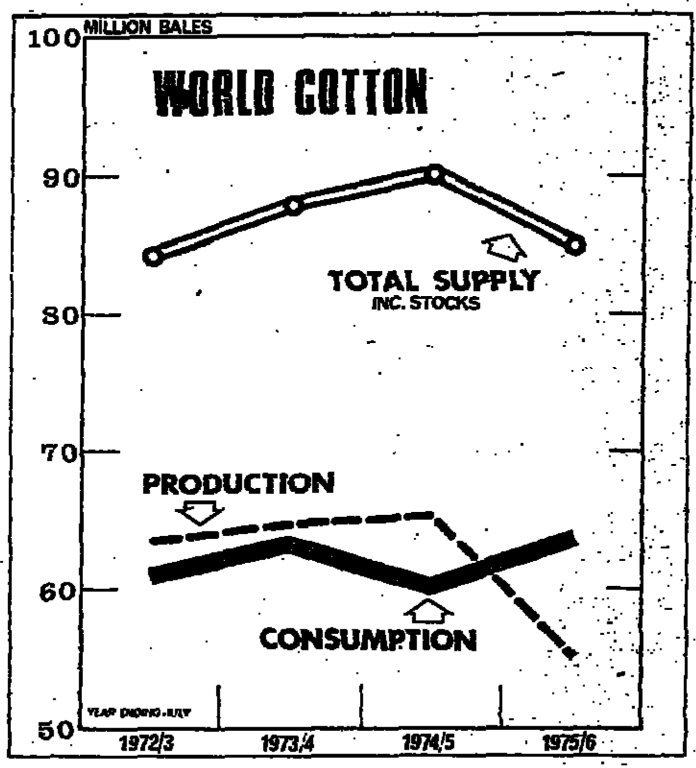
Nevertheless, the fluctuations in price, and fears of even temporary shortages of supplies have raised question marks about the future, especially as there is reported to be excess capacity of man-made fibres available that could be released on to the market at even more competitive prices. Fashions also change, and cotton could well find itself battling for survival again.

Onslaught

It is a vitally important battle—to prove that a natural raw material product like cotton, produced all over the world sometimes in the most primitive of farming conditions, can survive the onslaught of man-made fibres developed and financed primarily in the richest industrialised areas.

Cotton is one of the few commodities where real progress has been made in the primary producing countries towards obtaining a major share of the processing of the raw material into a manufactured or semi-manufactured product.

Developing countries now account for over 50 per cent. of world cotton mill production, which previously used to be dominated by the industrialised areas. This is an important first step towards industrialisation in some countries—remembering the important role played by cotton in the British Industrial Revolution—and the trend is likely to continue, unless hampered by restrictive import policies already being used by some countries to limit the flow of trade in cotton textiles.



Not only does cotton earn valuable currency for many poor countries; just as important, it provides considerable employment potential. It is a labour-intensive crop, and the processing into fabric then supplies a great deal more jobs than those provided by the highly automated capital-intensive, synthetic fibre plants.

At the same time it is not generally appreciated that the cotton plant is a major supplier of protein in the form of cottonseed oil and the animal feedingstuff, cottonseed cake.

The lint from which cotton fibre comes accounts for only one-third of the total content of the cotton boll. The remaining seed is used to provide an estimated 6 per cent. of the world's crude protein supply, with cotton seed ranking as the second most important source of vegetable oil after soyabean. The stalks and crushed seedhulls can additionally be utilised for building materials or fuel.

Its importance as an export earner to the developing world, and as a source of protein, make nonsense of recent claims that it would be better to devote the land used for cotton to food-growing and, presumably, leave the textile market for man-made fibres.

Cotton in fact is estimated to occupy less than 1 per cent. of arable land available, an acreage which would hardly make a vital contribution to food supplies. On the other hand the potential for expanding cotton production is considerable, with wide scope for improving yields simply by better husbandry and improved irrigation.

There is, therefore, no question of any long-term shortage of cotton supplies, provided that sufficient incentive is provided in comparison with alternative crops; in other words that growers are assured of a reasonable return for their efforts. That means not only a high enough price, but also the promise of some sort of stability in pricing so that growers in developing countries are not completely vulnerable to the harsh fluctuations of the market place.

Cotton is one of the ten "core" commodities selected by the United Nations Conference on Trade and Development (Unctad) in its integrated programme to provide support for raw materials of vital importance to many of the world's poorest countries. However, there are considerable doubts about whether a viable buffer stock could be created for cotton.

The technical problems involved in creating a buffer stock would be formidable in view of the need for fixing the different grade and staple differentials satisfactorily and also deciding upon a realistic price range to cover the many varying qualities. Even if such a buffer stock could be created it is feared it might then depress prices, by encouraging consumers to cut back their holdings and at the same time stimulating production in excess of demand.

An alternative suggested is that there should be compensatory financing ... to help the poore... during the periods ... when demand is ... claimed this will he... the normal market ... lating supply and de... ensuring that devel... tries are not crippl... inevitable cyclical fa... sumption.

At the same time it ... that instead of spendi... deal of money on ... artificial price level ... stifle demand, it might ... to stimulate consump... promotion campaign. ... national Institute fo... formed by some of ... enterprising producer... led by the U.S. as th... exporter, has shown ... be achieved by pro... product like cotton wh... a lot of natural adva...

Rivals

Considerable rese... being undertaken to... the attractions of raw... eliminating its mai... tage in lack of the "... properties compared... synthetic rivals. Th... cotton should remain ... petitive since the ... fibres are based on ... is now costing a great... But at present for the... in many years the ... man-made fibres hav... price competitive an... once more to unde... advance in cotton co... The textile market is ... petitive and althou... has made a remark... back, after almost bei... off as out of date, ... afford to rest on its l...

John ...
Commodit...

Strong rise in consumption

DEMAND for cotton has shown a remarkable recovery in recent years. Not so long ago its chances were being written off as the man-made synthetic fibres took the lion's share of the expanding textile market and cotton consumption stagnated, giving up its traditional outlets to its brash new rivals.

Indicative of the gloom prevailing about cotton's future was a forecast by the UN Food and Agriculture Organisation that cotton consumption in the two main importing areas — Western Europe and Japan — would by 1980 show at best only a minimal rise over the 1967 level of 9m. bales or at worst it would sink to just over 7m. bales. Taking the mid-point, this meant a fall to 8m. bales by 1980 was predicted.

In the event demand for cotton in these two vital areas had jumped to 11.3m. bales by 1973, and although suffering a setback in 1974 because of the general economic recession, is now well on the way back to 12m. bales a year.

For the world as a whole consumption of cotton has risen strongly from 53.8m. bales in the 1966/67 (August 1 to July 31) season to 60.3m. bales in 1974/75, after reaching over 63m. bales in 1973/74. The expectation is that consumption in the 1975/76 season just ended will be between 63m. and 64m bales.

Within this overall total there have been some significant shifts in the pattern of consumption, with demand by mills in Western Europe and Japan continuing to fall as developing countries expand their own domestic production of cotton textiles for export.

Importer

Western Europe, which at one stage was by far the biggest exporter of cotton textiles processed from imported raw cotton, is now a large net importer. This is a far cry from the days just before World War II when Lancashire alone was responsible for two-thirds of the world's cotton textile trade, exporting some 8m. square yards of fabric a year and coping with domestic demand "before breakfast."

So the battle for cotton's share of the textile market has to be fought not only at the manufacturing level in persuading spinners to process cotton but also at retail level where demand is for both domestic and imported products.

The other problem has been that with cotton being such a versatile fibre, with 400 different end-uses, there is a wide range to defend and promote.

Cotton is by far the biggest by volume fibre used in the textile industry, and is as a result that much more vulnerable to competition from rivals eager to obtain an increasing share of the huge markets involved. As the world's population grows and living standards rise, so the need for textiles also inexorably increases.

But the extent of the increased demand depends on economic factors and on whether cotton can successfully retain its traditional markets and capture back its share in others, bearing in mind that cotton at the beginning of the century had over 86 per cent. of the total textile market, with wool taking virtually the rest. By 1965 cotton's share had fallen to as low as 62 per cent., that of wool to 8 per cent., with man-made fibres holding 30 per cent. following an aggressive marketing campaign for nylon and other brands.

It was at this point that some of the leading cotton exporting countries decided that some positive action had to be taken if cotton were not to be reduced to a minor role in the world textile market with all the repercussions on price and loss of earnings that would involve. The International Institute for Cotton was formed with the aim of promoting and marketing cotton in a similar manner to the methods employed by the man-made fibre producers in the two main importing areas, Western Europe and Japan.

Funds available to the Institute are somewhat limited compared with the amounts available for man-made fibres, but cotton is in the position of being the leading and best known fibre and, most important, having many natural advantages.

The big selling point of cotton is its comfort—absorbency and a pleasant texture that does not irritate the skin. It can also be washed safely in very hot water, thus ensuring it is properly cleaned. From the manufacturing point of view it is easy to print on and has a variety of uses from very light (like cheesecloth) to very heavy materials like denim or corduroy.

The disadvantages are the lack of easy care. It normally needs to be ironed and to dry, and it wrinkles in wear. The shrinkage problem that also helped man-made fibres make inroads into the cotton market has largely been solved nowadays, but intensive research is still going on into improving the easy-care properties of cotton while retaining its strength. From the manufacturing point of view cotton processing involves a percentage (between 6 and 7 per cent.) of waste but this should be written into the price.

Stimulus

Apparel provides cotton with nearly half its total sales, and in recent years this has been given a tremendous stimulus by the success story of the jeans and other denim clothes that have become so fashionable. But this is not the only area where cotton has made progress. Much against expectations it has managed to retain a dominant percentage—around 85 per cent.—of its biggest single outlet, sheets and pillowcases.

Some years ago it was anticipated that Western Europe and Japan would follow the U.S. trend towards blended fibre sheets. But this has not happened generally, with the possible exception of Britain where the strong hold on the textile industry established by Courtaulds and ICI, two leading synthetic fibre manufacturers, has tended to influence attitudes at the manufacturing side.

In most Continental countries, it is claimed, 100 per cent. cotton sheets still account for the vast bulk of sales, with even the polyester blends failing to capture more than 10 per cent. of this big volume market that provides cotton with an estimated 13 per cent. (worth some $400m.) of its total sales.

Cotton also claims to have halted its losses to synthetic materials in the shirt market and to be holding on to or improving its share in the other leading outlets—drapery/upholstery; towels; underwear; coated fabrics; trousers and workwear. Nevertheless it is under severe competition on most fronts from the newly developed polyester man-made fibres, which are now more price competitive and have ample productive capacity available that the manufacturers are anxious to utilise.

The rise in cotton prices also poses a threat for the future. The competitively priced polyester blends and expected to remain that way for some time despite their dependence on oil as their basic raw material source.

While it is true that many uses of cotton are not very price sensitive—as in fashionable clothing or where comfort is the prime requisite—other markets certainly are vulnerable either to competition if prices become too high or simply to reduced buying by the consumer. In addition rising prices can have a direct influence on the decision of the spinner on whether or not to use raw cotton.

It is the spinner who has to take the initial price risk in the long pipeline between raw cotton and the retail product. He has to decide whether the yarn manufactured from the raw cotton will sell at a high enough price to provide him with a sufficient margin over the cost of buying and processing. After that the higher cost is passed on, increasing all the time as percentage margins are added by the weaver or knitter, the finisher, maker-up, and finally the retailer.

So although the value of raw cotton is estimated at only something like 4 per cent. in the price of a cotton shirt, the cost of the raw cotton does have a significant effect on the final selling price.

Looking further into future demand, it is obvious that with a lion's share of the market, cotton is the most vulnerable to changes in fashion and any economic setback for textiles, although it claims to have ridden out the 1974-75 recession better than other competing fibres.

Reaction

Part of the comeback for cotton in recent years can be ascribed to a natural reaction after the big push by man-made fibres in the 1960s that also exposed their limitations. But it is fair to note as well that the recovery in demand has coincided with the efforts of the International Cotton Institute, to defend cotton and promote its future.

With fairly limited funds—member countries pay a levy on their cotton exports only—the Institute has had to evolve its policy carefully to get the best value for money and make an impact at the same time. It is operating in a fairly static overall market now that the textile industry has shaken down after the huge expansion following World War II.

A market survey shortly after the Institute was formed showed that cotton had a poor and unfashionable image resulting from its versatile use right down to floorcloths and the efforts put in to glamorise man-made fibres. A recent similar survey showed that this attitude had greatly changed, especially among the all-important younger age group, who have the freest spending habits. Cotton now has a fashionable image and this fundamental change of atttitude is a considerable help in promoting demand and price insensitivity.

Basically the Institute avoided a generic campaign for cotton—although there is a cotton symbol—and concentrated on changing the image in the important fashion wear section, which in turn has a powerful influence in general attitudes. The objective was to *identify* cotton with a glamorous, desirable, life-style and the general acceptance of jeans/denim in fashionable society h... great help, as has the ... of cheesecloth shirts ...

At the same time ... tute recognised th... power of a fairly s... of retailers controlli... nant amount of texti... is estimated, for exa... eleven store groups ... nearly 50 per cent. o... U.K. apparel market, ... thus replaced to so... the influence of t... ducers, who were pr... a position virtually ... what the public wa...

Joint campaigns ... leading stores, and ... flow of fashion mark... tion and advice, ha... convince the trade ... mand for cotton fro... more fibre-conscious ... that favourable ima... retained then consum... pects for cotton will ... good as the econom... allows. But it will be ... struggle in a very ... market.

John ...

The rewards needed to raise output

[EVI]DENCE HAS been unkind [to cot]ton this season. As is [pointe]d out elsewhere in this [survey], use of the fibre stood up [remar]kably well to the worst [rava]ngs of the 1974-75 reces[sion]. World consumption, of [cotton] fell back during that [period], to around 60m. bales (of [480 l]bs) compared with the [ ] 63m. used in 1973-74. [The c]onsequent depression of [prices] and the fact that a much-[troub]led world spinning indus[try] is still encountering diffi[culty] in disposing of yarn [stocks] during the second half [of cale]ndar 1975 to obscure just [how su]ccessful cotton had been.

[It w]as some time before it [was a]ppreciated that the up-to-[date] figures from the U.S. [were] indicative of a world [trend]. Thus when farmers in [the] Northern Hemisphere, [whose] crops account for around [per] cent. of the world total, [made] their planting plans in [the sp]ring of this year, it was in the U.S. itself who found most encouragement to divert acreage from the competing food crops. Acreage in the U.S. increased by over 20 per cent., whereas that elsewhere was commonly raised by less than 10.

Even so, good fortune with the weather might have resulted in adequate supplies. Fertilisers and insecticides, though no longer cheap, were at least not scarce, and it was reasonable to believe that after the disastrously low 1975-76 figures, yields could return to more normal levels.

Ironically, it was already apparent by the start of the 1976-77 season, on August 31, that yields on the much increased U.S. acreage would be held down by the condition of plants in the important Mississippi Delta region. Ironically too, the unfortunate Pakistanis, who were regarding increased cotton yields as the principal national priority, once again suffered devastating floods. The promise of an output above 3.25m. bales has been reduced to the hope of one above 2m., and the country's own mills are no longer certain of adequate supplies of all qualities.

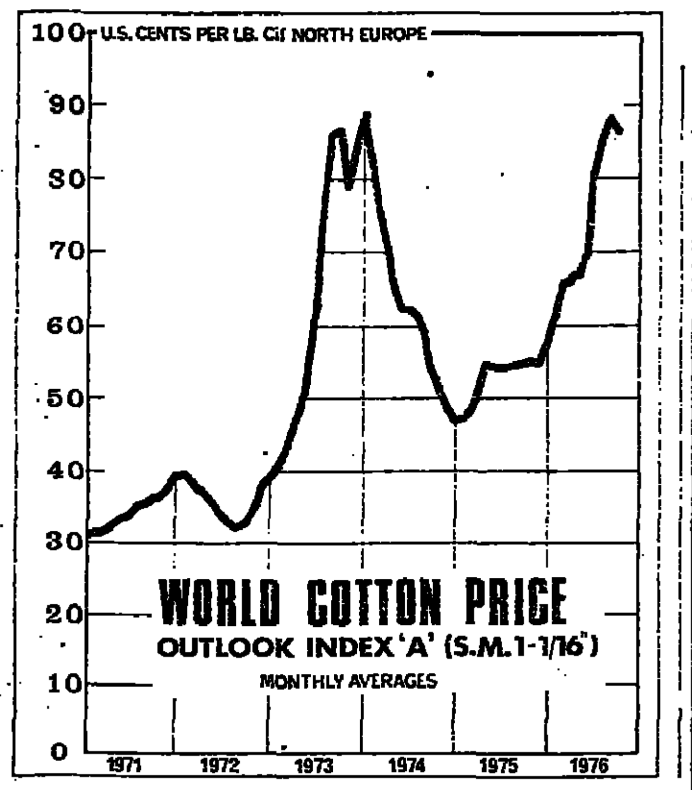
Foretaste

The Central American republics, a large proportion of whose crops has already been sold forward, have seen production curtailed by drought, and an almost total failure of the rains may well have entirely eliminated the exportable surplus from Colombia's major producing region. These misfortunes will not be balanced by good progress around the eastern Mediterranean, where acreage was not significantly increased, or by the bumper output still expected in Russia.

There are those who would find in the present situation a foretaste of things to come, who would argue that the higher priority of food production will exert such pressure upon land resources as to limit permanently the output of cotton, condemning it on price considerations to a modest role in the luxury market. Instances such as Egypt can indeed be cited where this may be so. There are nonetheless colossal areas of the world, notably in Africa and South America, where a long-term assurance of a reasonable margin of profit could bring additional land under cotton without prejudice to food supplies.

There are most certainly parts of Africa which would quite quickly reward the provision of a relatively simple marketing arrangement. Turkey, too, has exciting plans for bringing large new acreages under the fibre.

Elsewhere, the promise lies largely in the better use of available land, and the consequent increase of yields. Again, the potential is



enormous. World yields per acre averaged 207 lbs in 1950-51, 283 lbs in 1960-61 and 411 lbs in 1974-75, and there is no reason to suppose that this trend will be reversed. Farm chemicals are admittedly now a major item of expenditure (though prices have recently fallen), and in some parts of the world, such as the Texas high plains, the cost of pump-assisted irrigation has risen alarmingly with the price of fuel. But these challenges will give further impetus to the work of perfecting new chemicals, new seed varieties, and better cultural techniques.

Russia, now competing with the U.S. as the leading exporter of cotton, has concentrated its efforts for some years upon increase of yield rather than acreage, and has achieved spectacular success. Production has been concentrated into well-irrigated areas, and standards of quality have been fully maintained despite the increased introduction of mechanical harvesting.

Such harvesting was once regarded as a distinct disadvantage in the market place, since it resulted in a general lowering of quality relative to that obtained from hand-picking. However, machine pickers have been greatly improved in recent years, and the seed varieties sown have been selected with their use particularly in mind.

As machines can now pick the colossal Texas and Mississippi crops within a few days, it is possible to await ideal weather conditions before beginning an operation that would take several weeks by hand. Machine harvesting will, of course, remain a low priority in countries where labour is plentiful, but will become increasingly important in those like the Sudan.

Plateau

It is possible that yields have for the moment reached a plateau in North America—but the general adoption of the methods perfected there still offers exciting prospects in other areas, as Israel has so convincingly demonstrated. Long ashamed of having the highest national acreage and lowest yield of any major producer in the world, India has worked hard on its improvement programme and may well be on the verge of significant change. About 20 per cent. of plantings this season are on irrigated land, and of the impressive new varieties.

In a host of developing countries there exists the enthusiasm and the knowledge to raise output. What is lacking most is the assurance that the price obtainable will reward the effort.

John Garner
Editor, Cotton Outlook


[Comba]tting the fire risk. Left: Child's nightdress in 100 per cent. combed cotton from Pasolds which has been [tre]ated with Pyrovatex CP flame-retardant finish by Ciba-Geigy. Right: Welders at British Rail's Harwich [de]pot wear overalls made from Proban-treated fabric which resists fire and prolongs wear life in the presence of flying sparks.

Open End spinning and its impact

[IT I]S getting on for ten years [since] Open End (OE) spinning began to make an impact [as a] commercial means of pro[ducin]g spun cotton yarn—a [perio]d which has given the [cotto]n industries of the world [plent]y of time to consider the [advan]tages and disadvantages [of on]e most important techno[logica]l advances to affect spin[ning] this century.

[In] that time, since the first machines came on to the [mark]et, more than 5,000 [mach]ines are estimated to have [been] installed, with at least [ ] manufacturers, including [the] U.K.-based concern, Platt [Saco] Lowell, now offering [mach]ines operating on the OE [(r]otor) spinning system. [Th]e 5,000 machines were [estim]ated to have had the [capac]ity last year of around [ ] conventional spindles—a [figur]e which appears fairly [small] when set against the [ ] ring spindles in operation [aroun]d the world. The com[paris]on on its own, however, [fails] to do justice to the impact [tha]t OE has made, for—as has [been] clear from the start—the [econo]mics of the system mean [that] it can compete most [effect]ively only over the coarse [to m]edium end of the cotton [count] ranges, and here it is [alrea]dy playing a much more [impo]rtant role.

[Pr]oportion

[An i]llustration of this is pro[vided] by Courtaulds, which [accou]nts for a substantial pro[porti]on of total U.K. cotton [spinn]ing. One of the first com[panie]s to invest in OE, [Cour]taulds is also probably the [large]st user of OE equipment [outsi]de Japan and Eastern [Euro]pe. Though only around [pe]r cent. of Courtaulds total [yar]n production is from OE [mach]ines the company estimates [that] in areas where the system [is dir]ectly competitive with ring [spinn]ing the proportion is more [than] one third. Around the [world] it is now thought that [up to] 30 per cent. of production [could] be converted from ring [spinn]ing to OE over the next 10-15 years, and some estimates put the figure as high as 50 per cent.

The advance of OE spinning is yet another example of the changes which the economics of production are continually imposing on the textile industry as it seeks to find newer, faster and cheaper ways of converting its raw material—fibre—into finished product. OE differs fundamentally from ring spinning in employing a rotor, spinning at speeds in excess of 40,000 revolutions per minute, to produce spun yarn, instead of the conventional revolving spindle. Yarn is fed in sliver form into the rotor and deposited by centrifugal force in a groove around the edge, ready to be drawn out as a spun yarn and collected on packages.

The result, which is particularly attractive for the textile industry in advanced countries seeking to compete with low labour cost suppliers, is production rates three-six times greater, without any corresponding increase in the number of operatives, a substantial reduction in the amount of floor space required, and reduced energy costs, compared with conventional spinning. Other technical advantages also accrue, including better dyeing and printing performance, fewer yarn faults, and the ability to use lower grades and shorter staple lengths of cotton.

The main drawback, as might be expected, is cost, with OE installations costing possibly four times more than conventional equipment, and sometimes much more—a disadvantage which has limited the spread of OE to the coarse-medium counts range. As the count becomes finer the weight of fibre which OE machines can deliver per hour is reduced to the point where the less capital intensive conventional spinning machinery remains more competitive. The gap is likely to close progressively, however, as the price of OE machines comes down. Perhaps significantly, the Japanese are already producing fine fabrics with OE yarns, taking advantage of the good print characteristics of the fabric to produce high added-value materials which compensate for the higher costs of production.

Elsewhere OE has been confined to lower counts, but this is a field which by itself presents enormous opportunities. OE yarns are ideal for denim, the biggest growth area for cotton in recent years, for corduroy, for furnishings fabrics, sheeting, and towels and are also finding their way into knitted outerwear and women's wear generally.

With increasing use of OE machines, considerable progress has also been made towards solving some of the technical problems which as might be expected have emerged. The technical research division of the International Institute for Cotton at Manchester has concentrated much of its research on the problem caused by deposits of foreign matter building up inside the rotor groove.

Breakages

Though barely noticeable, the deposits were having the effect of varying the shape of the groove, producing a less satisfactory yarn which was then subject to increased breakages. With the help of advanced techniques, such as scanning electron microscopy, the IIC identified the problem as being caused mainly by micro-dust. The problem is now being solved by new extraction and control methods employed at various stages in the chain from ginning through to carding and spinning. The IIC has itself designed a special cleaner for use in the blow room and this is being made and sold by the German textile machinery manufacturers Hergeth, of Dulmen.

The micro-dust problem has meant a complete change of approach to dust suppression in spinning. Traditionally, to avoid health hazards to workers, efforts have been made to keep dust inside machines with subsequent venting downwards through the floor. With OE machines it has become necessary to extract dust away from machines by suction upwards—a technique which can be combined with air-conditioning to provide a better overall working environment for employees. Following the initial problems with dust a number of machinery manufacturers have come up with second generation machines incorporating integral trash extraction.

An allied area of research now being embarked upon by the IIC is aimed at developing new techniques for analysing how different cottons will perform in OE spinning, concentrating in particular on micro-dust content. At present the only method is to test the cotton by spinning it—a process that can be expensive and time-consuming.

Solution of these problems will clearly improve the competitiveness of OE yarns even further but the possibility that this method of production will ever fully replace ring spun yarns is discounted at this stage within the textile industry. The characteristics of a high quality combed yarn cannot be obtained by the OE method so that the finest fabrics will probably continue to be made with ring spun yarns. The OE method also produces a generally weaker yarn with the result that certain applications such as industrial textiles are not likely to be open to yarns manufactured in this way. In some cases too the handle of fabrics made from OE yarns, particularly in knitwear, has been found to be somewhat harsher.

Despite these limitations OE yarns have found a number of applications where with further development they are likely to replace conventionally spun yarns in time. By offering in many cases a cheaper method of processing cotton, the system, too, is likely to play a crucial role in ensuring that cotton holds on to, and possibly expands in, markets where it is under challenge from other fibres.

Rhys David

COTTON IV

Processing for easy-care

By any standards the revolution which has taken place in the image of cotton in recent years has been fairly remarkable. From being considered old-fashioned a few years ago, it has since become almost a cult, promoted by the best stores as the with-it fibre, worn by the young, cool set, and featured lovingly by the Sunday supplements.

But in the consumers' mind one drawback to the use of cotton has probably remained. Attractive as cotton goods are, they generally need more attention than their man-made fibre rivals. Whereas permanent press can be built into thermoplastic materials like polyester, cotton has to be ironed. At a time when more and more stress is being placed on increased leisure, the need for cotton to be able to offer easy-care qualities has therefore become more urgent than ever.

It is a problem which has been around for a long time but one which significantly also looks to be on the point of being solved. Easy-care finishes have been available for use on cotton for at least 50 years but have created other problems.

As Dr. Frank Birkett, director of the International Institute for Cotton technical research division at Manchester, where much of the basic research into cotton is now carried out, explains: "It is easy to confer non-shrink and non-iron properties on garments. The difficulty in the past has been that in the process major sacrifices in comfort and durability have had to be accepted."

A way out of this dilemma has for several years been the main goal towards which research at the IIC has been directed, and similar efforts have been made in laboratories operated by commercial and other interests in the U.S., Japan and Western Europe. According to Dr. Birkett there is now evidence that the answers have been found, and much of the remaining work now involves bringing new technical approaches to commercial success.

One of the areas where important developments have been made is in mercerising—a process developed in the last century principally to give cotton fabrics greater lustre and dye reactivity, but now seen as equally important in providing fibre with the added strength needed to take easy-care finishes. The mercerising process itself involves the use of agents which swell the fibre, easing strains and stresses caused when it dries out, and enabling it to recover its original cylindrical shape.

Research at Manchester and elsewhere established that through improved mercerisation techniques a much stronger fibre could be obtained which would not be subject to losses in tensile and tear strength as a result of the application of easy-care finish resins.

Uniform

The method which appears to offer the best prospects of improving mercerisation is a development pioneered by Tedeco in Norway, and developed on a commercial scale by the Sanforized company in the U.S., which uses liquid ammonia rather than the caustic soda, the traditional material. Because of its lower viscosity compared with caustic, ammonia has been found to slide in more easily between fibres, giving a uniform treatment. The first advantage this brings is the prospect of securing better application of easy-care chemicals, but — just as important—it has been found that the use of ammonia on its own eliminates the need in many cases for subsequent easy-care treatment.

The Sanforset process of Sanforized works on its own with denim to prevent wrinkling and shrinkage and to give greater softness and dye reactivity, while preserving the features required in jeans—in particular, fade. Altogether six ammonia plants will have been installed in the U.S. under licences from Sanforized by the end of this year, with a capacity to treat some 100m. metres of fabric or roughly 20 per cent. of total U.S. denim production.

The spread of this system throughout Europe at this stage looks unlikely, as most European mills have not got the throughput to justify the capital investment of around $1.1m. for a plant of this nature. Most companies, too, are strongly committed to caustic soda mercerising, and are therefore likely to be anxious to take advantages of improvements which have also been taking place in this field.

Part of the problem with caustic has been its inability to penetrate through cotton because of its viscosity, but it has now been found that the use of hot caustic rather than the conventional cold treatment helps to overcome this problem.

Another important mercerising development, at the yarn stage, is also becoming commercially available. J and P Coats, part of Coats, Paton, has developed a liquid ammonia process, Prograde, which gives substantial increases in the tenacity of cotton yarn and thread. Sole-rights to manufacture and market machinery for treating yarn by this method have been granted to Platt Saco Lowell of Accrington. The significance of this development lies in the prospect it opens up of expanding cotton's use in the knitted outerwear field, currently dominated by man-made fibres.

Parallel with the improvements at the mercerising stage considerable efforts have also been made to enhance finishing techniques. In the application of finishes one of the problems encountered in the past has been the migration of the resin to the surface while the fabric is drying. While the finish penetrates through the fibre when applied, as it dries the evaporating water carries the resin to the surface, embrittling fibres on the surface and reducing their subsequent abrasion resistance during wear.

According to Dr. Birkett, their researches showed that if the amount of water applied with the resin could be reduced, migration would stop, resulting in a much more even distribution of resin through the fibre. At the same time a company in Switzerland, Triatex, was also looking at ways of reducing water usage in the application of finishes so as to cut back on the energy required to dry fabrics.

Reduced

The Swiss were already working on a new low add-on technique and have now developed this further in conjunction with IIC. Under the Triatex MA (Minimum Application) system, fabric is not passed through a bath of easy-care solution as in conventional processing, but instead passes over the top of a roller, the bottom of which moves through the bath. This system, and similar developments undertaken by other machinery manufacturers, results in a much reduced application of finish to the fabric and provides a solution to the migration problem.

The IIC itself would now clearly like to see the various developments, which give cotton the chance of being able to reproduce some of the best qualities of man-made fibres, brought together in the same mill, so that further progress can be made, but at present ammonia treatment is going ahead mainly in the U.S. and low add-on developments mainly in Europe and Japan.

In the U.S. another cotton finishing development which could again be of some significance is also going ahead and it being shown in Europe. Cotton Incorporated, the U.S. promotional body for cotton, and American Laundry Machinery Industries (ALMI) have developed new vapour-phase systems for applying a finish to cotton at the garment stage and these are now said to be attracting interest from shirt and other outerwear manufacturers.

This system may again be somewhat slow to take on in the U.K. and Europe, where finishing is carried out by textile companies using continuous flow methods. Clothing companies as a result are likely to be reluctant to invest in batch processing equipment as long as textile companies provide a finishing service. The system may gain acceptance in other areas, however, where clothing occupies a more dominant role.

Efforts are also continuing to ensure that cotton can take advantage of the new transfer printing methods of decorating fabric—a new dry technique which uses paper as the medium for transferring patterns to paper under heat rather than the conventional wet roller or screen printing method. The process works best with polyester but a number of attempts to develop cotton transfer printing has been made.

DewPrint, working in conjunction with Transprint (U.K.) announced last year a system which uses a moist dew as a carrier to secure printing from paper on to cotton, and a new dry system Fabprint was unveiled last month by Lewis Reed of Brighouse, Yorkshire, based on a development by Prof. I. D. Rattee at Leeds University.

Finishes have also been developed to give cotton some of the high performance characteristics now required in certain applications. Ciba-Geigy has developed a special flame-retardant finish Pyrovatex CP which enables cotton to be used as a furnishing fabric in schools, offices, hotels and similar public places, and a flame-retardant finish Proban has also been developed by Albright and Wilson and is being widely used in industrial protective clothing.

Already more than 0.5m. square yards of Proban cotton for work wear has been processed in the U.K. and a further 1.5m. square yards on the Continent. Both finishes are suitable for use in cotton winceyette nightwear, and will thus help cotton regain a position lost as a result of fire risk fears.

These and other developments are perhaps an indication that cotton's revival as a fibre is more than mere fashion. Increased consumer demand has given the fibre the chance to make a comeback; this is being accompanied by a programme of technical development aimed at ensuring that it remains a major fibre of the future.

R.D.

New futures market

COTTON traders formed one of the earliest commodity futures markets against changes in market conditions as a protection for owners of cargoes crossing the Atlantic to Liverpool in the days of sail. A system of buying and selling cotton on a "to arrive" basis developed in Liverpool and New York over a century ago.

The Liverpool futures market has disappeared with the decline of the Lancashire cotton textiles industry. But the New York futures market is currently enjoying a new lease of life with a contract devised to meet the change in marketing conditions following the U.S. Government's decision to release its stranglehold on prices by releasing its surplus stocks and permitting a free market to develop again.

Attempts to introduce a new London-based cotton futures market to recognise the new free market conditions failed through lack of support, possibly because of the difficulties of trading a dollar commodity like cotton in sterling at a time when both currencies were moving erratically.

However, it is appropriate that cotton has been chosen as the first futures contract for the new Hong Kong Commodity Exchange which is expected to start trading from March 1 next year.

Ensure

The birth of the new Exchange has been a long time coming—some three years since the idea was first launched. But in the words of a Hong Kong Government spokesman "the table is laid, and the cards have been stacked fairly." Bearing in mind the reputation of the Chinese for gambling, a great deal of care and attention has been paid in drawing up the regulations for the Exchange to ensure that the cotton contract will not be dominated by excessive speculation and that there is no scope for swindles or defaults.

A former Bank of England commodity specialist, John Wilson, was commissioned to draw up the basic rules for the market by the consortium launching the new Exchange. The consortium is made up of a mixture of Chinese and European interests; its membership includes two prominent Chinese businessmen—Woo Hon-fai and Ronald Li—and European interests in the shape of Rudolf Wolff, the London commodity brokers who helped found the London Metal Exchange, and Peter Scales, ex-managing director of Wheelock Marden.

After considerable debate—and delays—in the Hong Kong Parliament the formation of the new Exchange has finally been approved but with a strict set of rules specifically laid down. These include the compulsory registration of all dealers trading on the Exchange; a membership confined to Hong Kong registered companies with a paid-up capital, if necessary through a parent company, of at least HK$1m.; strict regulations forbidding the granting of any credit on margins put up, a ban on syndicates and on option trading. Members will have to put up HK$100,000 and there will be a compensation fund to cover any possible defaults.

Some critics have suggested the rules surrounding the market are too strict in that they will restrict trading activity. But supporters, including the Hong Kong Government, point out that the basic system for controlling the Exchange is similar to the self-regulation method used by the Bank of England for the London markets.

In essence the Government will allow the Exchange membership to regulate itself but if things go wrong there are powers immediately at hand for swift remedial action to be taken. The presence of these powers, it is confidently believed, will ensure the Exchange itself operates effectively and fairly to all interests concerned.

The similarity with London does not end there. The International Commodities Clearing House, which runs the "clearing" system for the London soft commodity markets, will do the same job for the Hong Kong Exchange but with the financial backing of a special consortium of Hong Kong banks.

Trading on the market will be in U.S. dollars. The contracts will be raw cotton, 1 inch staple length of American or American type middling grade in lots of 50,000 lbs with provisions for delivery in the trading months of March, May, July, October and December at any Exchange approved go-down (warehouse) in Hong Kong. Consideration to other delivery points will be given later when trading has got under way.

The important point about the Hong Kong cotton futures market is that it should be truly international, enabling traders to hedge in prices that are not dominated by domestic U.S. influences as is the case in New York, where prices can go totally out of line with international rates, particularly as the U.S. bans cotton imports. The geographical location of Hong Kong as an important financial centre in the middle of some of the biggest cotton producing and consuming countries, plus the lack of any restrictions on foreign exchange movement, should add to its attractions considerably. Another factor is that because of the time differences between New York and Hong Kong it will be possible to obtain cover on virtually a 24-hour basis, although for Europeans this will mean operating between 2 a.m. and 6 a.m.

It remains to be seen how much support the new exchange will attract, but signs are favourable and there is certainly a need for an international hedging medium for such a widely traded commodity as cotton. The 1 inch staple contract is designed to cover the range of cotton varieties most used in the Far East for the manufacture of denim fabric.

Support

Although arbitrage may be difficult because of varying contracts, and the U.S. import ban, good support is expected from dealers in New York, whose futures market is also enjoying a new lease of life with heavy trading activity following the fluctuations in cotton prices in recent years.

Much has been said, and will be said, about the activities of speculators on the futures markets controlling price movements and causing unpredictable wild fluctuations. But there is no gainsaying the fact that speculation is needed to provide sufficient funds, and the other "side" of the market for the trade to be provided with an efficient hedging medium.

Without hedging, all sections of the trade from grower to consumer are forced to speculate themselves in whether prices are going up or down, without having the chance to cover against unpredictable risks outside their control. If it is accepted that speculation is necessary, the best that can then be done is to ensure that it does not become excessive and distort the market unfairly.

While the New York futures market admits quite openly that it contains a large element of speculative trading, it also has one of the most sophisticated price protection systems with the "on call" method whereby buyers can ensure supplies of actual cotton for forward delivery but fix the price nearer the date by an agreed formula on the difference between simultaneous prices for futures and spot cotton.

J.E.

FARMING AND RAW MATERIALS

Danes raise price of bacon

By Richard Mooney

DANISH bacon will be ... in the shops next week ...ing another rise in the first-... price. The £35 a ton rise ...nced yesterday takes Danish ... to within £5 a ton of the ... price reached at the be-...g of this year.

...rding to U.K. traders the ...t tone at the moment is "steady," but they say the ... justified by the fact that ...pply/demand gap for Danish ... has widened recently. ...l supplies have been on ...tion" since the end of ...t, but the amounts allo-...had been sufficient to meet ...d until the past couple of ... British wholesalers are now ...ing to feel the pinch.

...n allocation was introduced ...gust 30 the Danes said it ...kely to remain until after ...mas. It has been reported ...ly, however, that the free ...t will be reintroduced on ...r 25.

...price increase is likely to ...centrated on gammon and ...e cuts with back rashers ...by up to 2p a lb. First-hand ...rises of £10 a ton were ...nced for English and Irish ...yesterday but these are not ...ed to affect retail prices as ...nts were already being ...l on the previous levels.

Record high meat prices alarm butchers

BY PETER BULLEN

BEEF PRICES have soared to record levels in Britain's fatstock and wholesale meat markets over the past few days.

It will mean a sharp rise of 2p to 4p a lb on beef prices in the shops over the next week or two, or even more if the trend continues. This will put rump steak at £1.70 to £1.90 a lb compared with £1.20-£1.40 a year ago and topside £1.10 to £1.30 a lb (80p-90p).

Retail butchers, alarmed at the cost of meat, are sending a deputation to meet Mr. John Silkin, the Minister of Agriculture, on Tuesday next to call for urgent Government action to stabilise the meat market.

A spokesman for the National Federation of Retail Butchers said yesterday they were alarmed at the "sinister" movement in beef prices. Home production was down by about 15 per cent. this year, but the shortage of supplies had been aggravated by exports of live cattle and carcase meat; sales of beef into EEC intervention or stored under EEC private storage schemes, and the fall in imports that the EEC ban on third country supplies had caused.

An even bigger fall in home beef production was forecast for next year he added. Therefore they were going to ask the Government to press the EEC to lift its ban on beef imports from third countries; ensure that beef in intervention was sold only within the Community and to restrict U.K. exports to carcase meat only and not allow live cattle exports.

At Smithfield market yesterday Scotch killed sides cost 48p to 49½p a pound, up 1½p to 2p over the past week. A year ago they cost only 30p to 34p a pound—a rise of more than 50 per cent.

In the fatstock markets prices have jumped by over £1 a cwt. in the past week alone. On Wednesday the Meat and Livestock Commission's average fatstock price for Great Britain was £31.07 a live cwt up £1.04 on the week and about £7 to £8 a cwt. more than a year ago. Yesterday the average was £31.05-£1.21 higher on the week.

Lamb prices have also risen in line with beef with the U.K. average yesterday reaching 55.5p a pound dressed carcase weight—up 5.5p on the week and about 20p a pound more than at this time last year.

The rise in price has taken most market observers by surprise. Normally prices ease at this time of the year and the continued upward movement can only indicate that people are prepared to buy meat at these prices because demand is very firm, one commented.

The industry is launching a £200,000 campaign to promote British meat sales next week but the rise in prices will not alter plans for the campaign.

● Meat prices may be high, but the recent rain has brought "instant growth" to most of Britain's vegetable crops and has banished the threat of scarce and very expensive vegetables this winter.

The rapid recovery and swift growth of nearly all the vegetables — and apples too — has astonished farmers and growers and ensured ample supplies throughout the winter at reasonable prices.

Mr. Peter Pearson, chairman of the National Farmers Union's vegetables committee, said yesterday: "Things have grown more rapidly than I have known.

"It is amazing. Even growers who thought there would be *shortages don't think so now*"

Some brussels sprouts grew a foot or more in the three weeks after the rains came. "I think yield of sprouts have increased by 25 per cent. in the past three weeks," said Mr. Pearson.

Upsurge in coffee and cocoa costs

By Richard Mooney

COFFEE PRICES climbed to new all-time peaks on the London terminal market yesterday in response to news that Brazil had raised the contribution quota (export tax) on green coffee by $5 per 60-kilo bag. The January position closed £35.5 up on the day at £1,879.5 a tonne.

The coffee trade had been expecting action to boost Brazil's coffee export prices and recent reports of large sales to the U.S. and Europe were taken as confirmation that something of the sort was in the offing.

Dealers had speculated that the contribution quota might go up by $10 a bag, but the $5 rise still had a firming effect on a "bullish" market tone. Other moves to boost prices, including devaluation and the ending of discounts on coffee sales, are still thought likely.

The price rise was also thought to have been encouraged by the sluice failure on the Del Monte dam in Colombia's Pereira coffee growing centre, though it is still not known whether coffee production will be affected.

Cocoa prices also ended sharply higher after trading in a relatively narrow range for most of the day.

EEC FARM POLICY

New bid to reach 'green pound' deal

BY ROBIN REEVES IN BRUSSELS

THE EUROPEAN COMMISSION is looking to the U.K. Government to drop its opposition to a devaluation of the "green pound" at the next EEC Council of Agricultural Ministers on October 25 and 26 in Luxembourg.

This became clear here to-day as Mr. Pierre Lardinois, the Brussels Commissioner for Agriculture, announced details of the plan for trying to end the Common Market's perpetual dairy surpluses. The proposals include a tax on all EEC milk producers of 2½ per cent. of the guaranteed price with effect from April 1 next year and the equally controversial equivalent tax on margarine and other rival products to butterfat. For U.K. milk producers, the proposed levy would work out at just over 1p a gallon.

Food cost

On the "green pound," Mr. Lardinois stressed that the Commission's proposal for a devaluation of 4.5 per cent. was "still on the table." The "green pound" is the artificial exchange rate used for converting common EEC farm prices into sterling guarantees to U.K. farmers. A 4.5 per cent. devaluation would raise U.K food prices by up to 1½ per cent., by raising domestic farm prices and cutting the EEC subsidies on U.K. food imports designed to offset currency fluctuations.

Sterling's sharp decline has raised the rate of subsidy to some 35 per cent., worth £1.2m. a *day in reduced food cost to* U.K. consumers, but this burden on the EEC's budget is widely regarded in the Community as unacceptably high.

Senior EEC officials here are seemingly convinced that the British Government will not be able to resist for long the mounting pressure from the rest of the EEC to be more flexible. They have taken fresh heart, in particular, from yesterday's statement by West German Chancellor, Helmut Schmidt, that his Government "could not accept" Britain's refusal to move on the "green pound."

Mr. Lardinois, himself, refused to speculate on the chances of a British change of heart. But there are signs that, in exchange for accepting a 4.5 per cent. move, the Government will be offered changes in the agri-monetary arrangements to ease the financial difficulties of British bacon curers and pig meat processors plus an end to formal Brussels investigations into the legality of the 2p a gallon producer winter milk price increase announced by Mr. John Silkin, the British Farm Minister, in the drought-aid package earlier this week.

A team of senior Ministry of Agriculture officials is to see Mr. Lardinois in Brussels sometime next week in order to present the Government's arguments on why it believes the milk award does not breach EEC competition rules—as they apply to the Common Market's milk market regime. This meeting could prove the start for an eventual deal, assuming the U.K. Government decides to climb down on the green pound issue at the next farm council.

To-day, Mr. Lardinois denied he had gone so far as to threaten to take the British Government to the European Court of Justice over the milk award. Indeed, he described the package of drought relief measures as "very moderate." Nevertheless, the milk award would be the subject of "legal procedures" and was clearly against the spirit of past undertakings if not necessarily the letter, he said.

At the same time, he found it illogical that the Government should refuse to increase agricultural prices via the green pound, yet be prepared to do so as a drought-aid measure.. The increased prices for milk and lamb in the drought package were not selective, as the Government had claimed, he argued. They would go to all producers irrespective of whether or not they had suffered in the drought, and they would mean higher prices to the consumer, the Government's reason for rejecting a modest "green pound" move.

The Commission's package of proposals for promoting milk market equilibrium is largely as it was first set out last July. But with the European-wide drought now over, the Commission has come down in favour of setting a variabe tax on milk producers of between 2 and 4 per cent. of their guaranteed price—in order to implement the long-heralded principle of "producer co-responsibility" in the milk sector.

This levy would be fixed annually according to the level of surplus stocks, and the revenue would go to help pay for the cost of disposal and towards schemes aimed at enlarging the market for milk products.

School milk

In particular, the Commission proposes paying 50 per cent. of the on-farm cost of milk consumed under school milk programmes providing national Governments contribute a further 25 per cent. Officials estimate that this would enable school milk to be sold at half price at a cost to the Community of some 15m. units of account a year. There are some 37½m. school children in the EEC and Mr. Lardinois said they would hope for a 20 per cent take up of the scheme in the first year.

U.S. price cut hits copper

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER LED a general downturn on the London Metal Exchange yesterday, depressed ... rise in U.K. interest rates ... cut in the U.S. producer ... price confirming fears ... demand had failed ...ncrease as previously ...ated.

... wirebars closed £20.25 ...at £817 a tonne, its lowest since May this year. Lead ...nc prices also lost ground. ... tin, despite the fact that ...ght the Straits tin price in ...g jumped by $Ma25.5 to ...25.5 a picul—well above ...ternational Tin Agreement ...ng" of $Ma1,200.

... main influence on the ...ets, however, was the ...ise decision of Phelps ...e, the leading U.S. copper ...cer, to cut its domestic ... by 4 cents to 70 cents a ...

...s rescinds the increase to ...ning of July, which was ...ed by rumours of another ...ase being planned. Instead ...market has moved down-..., especially in New York ... is not boosted by sterling, and is now being quoted at below 62 cents for the spot position.

So the U.S. price cut by Phelps Dodge, already followed by American Smelting and Refining and Noranda, is unlikely to have any direct effect except to confirm that demand for copper, after rising sharply in the first half of 1976, is now sluggish — failing dismally to live up to earlier forecasts of a consumption boom in the last quarter of this year.

The slide in copper prices on the London Metal Exchange in recent weeks, despite the fall in the value of sterling, reflects concern at the continued lack of consumer demand and the failure of record warehouse stocks to decline. Reports of a settlement of the U.S. Ford strike failed to improve sentiment.

The new rise in U.K. interest rates will be a further disincentive for consumers to carry stocks. Meanwhile the contango (premium over the three months quotation to the cash price) has also widened to continue providing an attractive interest rate for the financial institutions financing most of the warehouse stocks.

In tin the contango failed to widen because of technical market factors, but the market was affected by the gloom about U.S. demand prospects spread by the Phelps Dodge copper price cut.

This counteracted the influence of the surge in Penang tin prices overnight, which was attributed to the failure of the buffer stock of the International Tin Agreemnt to continue selling. It is generally believed that the new surge in Penang prices to above the Agreement "ceiling" will help producing countries press their case for a rise in the Agreement's price ranges at the International Tin Council meeting next week. The London market meanwhile is out of line with Penang.

Although cash lead lost £4 to £286.25 a tonne yesterday, the market retains a firm undertone with steady consumer buying interest. But zinc values are looking distinctly shaky, following the U.S. copper price cut and the move earlier this week by Bunker Hill to reduce the price of some special high-grade and galvanising zincs.

Call to end jute tariffs

DACCA, Oct. 7.

BANGLADESH HAS called on developed countries to break their tariff walls, ban synthetics and cut shipping freight rates to preserve jute as an important foreign exchange earner for Asia's underdeveloped nations.

Bangladesh army chief Ziaur Rahman told a three-day conference sponsored by the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) that acute trade barriers in the "affluent market" have forced jute to yield to synthetics.

He said polypropylene had captured more than 50 per cent. of primary carpet backing in the U.S., 90 per cent. in West Germany, *and 80 per cent.* in the U.K.

He asked developed nations to discourage synthetics by banning research on the artificial fibre and to extend financial assistance to jute-growing nations to help them diversify trading programmes.

Reuter

Corporation takes over tea gardens

By Our Own Correspondent

CALCUTTA, Oct. 6.

THE TEA Trading Corporation of India, the public sector tea marketing company, is likely to be entrusted with the management of several sick gardens when current thinking in New Delhi is translated into concrete decision.

The Corporation took over a sick garden late last year and has nursed it back to health with good management which is why the Central Government is thinking of placing more sick gardens under its care. A corporation official said that his organisation is ready to take over more estates the moment it is asked.

The Corporation claims it achieved spectacular success in the export front by increasing overseas sales of tea 200 times over the past year from Rs.100,000 (£6,250) in 1974 to Rs.20m. (£1.25m.) in 1975.

U.S. 'concerned' over margarine tax

WASHINGTON, Oct. 7.

U.S. OFFICIALS said they view with "deep concern" the EEC's proposal to raise margarine prices by 2.5 per cent., which implies an import tax of 9 to 10 per cent. on vegetable oil imports.

Officials from the office of the Special Representative for Trade Negotiations said the U.S. is sticking by Ambassador *Frederick Dent's strong objections*, made when the tax on vegetable oil imports was first proposed last July.

Mr. Dent said then the tax would restrict EEC imports of soyabeans and soyabean oil from the U.S. and would be regarded by the U.S. an "unfair, unwarranted, and unwise impairment of more than $2bn *worth of U.S. export trade in* oilseeds and products."

U.S. officials said that if the EEC implements the tax on vegetable oil imports, the U.S. could immediately increase import duties on a wide range of goods from Western European countries in retaliation.

Reuter

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Easier on the London Metal Exchange after being initially unsettled by overnight news of U.S. producer cuts set off by Phelps Dodge. ... metal opened at £862 and traded down to £854 before trade covering lifted prices to £860. At this level there was Irish liquidation but the market held at around £850. The steadier pound was a factor in pushing prices down. In the afternoon Comex was weaker in line with expectations and the contango widened under the pressure of higher ...

TIN—Steady in spite of the unnerving effect on the market of the Phelps Dodge copper move. The East moved higher overnight and with prices above the ITA ceiling, the buffer stock manager was not thought to have been active in the market. Forward metal opened at £5,070 and held for most of the day.

... was booked for voyage from Japan to Brazil $5.50 Oct.-Nov. and a vessel of 73,350 long dwt for voyage from Japan to the Continent via Australia $2.10 spot.

COCOA

Recent selling pressure absorbed ...

COFFEE

RUBBER

SILVER

SOYABEAN MEAL

FREIGHTS

GRAINS

... ment East Coast. EEC Feed Oct. £85.00 East Coast.

Maize—No. 3 Yellow American/French Oct. £81.50 transhipment East Coast.

Barley—EEC Feed/Canadian Oct. £80.75 West Coast.

HGCA—Location ex-farm spot prices. Non-breadmaking milling wheat: N. Lincolnshire ...

SUGAR

WOOL FUTURES

... 337.5, March 339.8, 340.8, 341.5-339.5. Sales: 203.

BRADFORD—Higher wool auction prices reflected in substantial gains in top quotations yesterday. New Zealand cost about 5 per cent. more at Dunedin and for top quotations at Bradford this involves increases of 10-15p on crossbreds ...

MEAT/VEGETABLES

JUTE

PRICE CHANGES

Prices per ton unless otherwise stated

FINANCIAL TIMES

REUTER'S

DOW JONES

MOODY'S

U.S. Markets

Limit gains in coffee: metals fall

NEW YORK, Oct. 7.

PRECIOUS metals closed lower on mixed selling. Coffee closed limit up on aggressive roaster buying. Grains closed higher on rumours of Russian buying. Cotton closed higher on Commission House buying. Sugar closed higher on Commission House and local buying, Bache reports.

Cocoa—Ghana spot 130 nom. (129). Bahia spot 127½ nom. (123½). Dec. 117.20 (113.60), March 112.60 (106.60), May 108.25, July 104.35, Sept. 100.50, Dec. 94.55, March nil. Sales: 931.

Coffee—"C" Contract: Dec. 173.50 asked (169.50), March 166.45 bid (162.45), May 163.50 bid, July 162.75, Sept. 158.50 bid, Dec. 154.00-154.10, March nil. Sales: 820.

Copper—Oct. 61.30 (62.40), Nov. 61.50 (62.80), Dec. 62.00, Jan. 62.50, March 63.60, May 64.70, July 65.80, Sept. 66.80. Sales: 6,424.

Cotton—No. 2: Oct. 80.30 (79.60), Dec. 82.75-82.90 (80.80), March 83.10-83.24, May 82.90, July 80.73, Oct. 71.95, Dec. 68.05, March 67.30-67.60. Sales: 5,550.

φGold—Oct. 115.50 (116.50), Nov. 115.50 (116.50), Dec. 115.50, Feb. 115.50, April 115.80, June 116.40, Aug. 117.10, Oct. 117.80, Dec. 118.60, Feb. 119.40. Sales: 1,032.

Greasewool—Spot 160.0 nom. (same). Oct. 172.5-181.0 (172.5), Dec. 177.5-182.0 (177.5), March 177.5 bid, May unquoted.

†Lard—Chicago loose 17.75 (same). NY prime steam 19.25 traded (same).

††Maize—Dec. 275½-275¾ (272), March 283¾-284 (280½), May 289-289½, July 292½, Sept. 284, Dec. 275.

‡Platinum—Oct. 156.00 (161.30), Jan. 159.00 (164.50), April 162.00, July 167.00, Oct. 170.00, Jan. 175.20. Sales: 1,174.

‡‡Silver—Spot 429.00 (428.50). Oct. 425.60 (428.70), Nov. 426.90 (430.10), Dec. 428.30, Jan. 429.70, March 433.90, May 438.20, July 442.60, Sept. 447.30, Dec. 454.70, Jan. 457.10. Sales: 11,420.

Soyabean—Nov. 655-656 (648½), Jan. 664-662 (655½), March 671, May 671-672, July 671-670, Aug. 667.

*b*Soyabean Meal—Oct. 182.00-182.50 (177.50), Dec. 186.00-185.50 (183.30), Jan. 189.50-190.00, March 192.00-191.50, May 192.00, July 192.00-191.50, Aug. 190.50-191.00.

Soyabean Oil—Oct. 21.10-24.15 (21.18), Dec. 21.40-21.35 (21.45), Jan. 21.45-21.55, March 21.70-21.65, May 21.70-21.65, July 21.70-21.75, Aug. 21.70.

Sugar—No. 11: Spot 8.90 (8.65). Jan. 8.95 nom. (8.71 nom.), March 9.35-9.29 (9.15), May 9.57-9.55, July 9.74-9.71, Sept. 9.94-9.80, Oct. 9.90-9.95, Jan. unquoted, March 10.20 nom. Sales: 4,438.

Tin—377.00-390.00 asked (370.00-380.00 asked).

**Wheat—Dec. 297½-298 (295½), March 310-309½ (307½), May 316½-316, July 321½-322, Sept. 325½-325¼, Dec. 338-339.

WINNIPEG, Oct. 7. ††Rye—Oct. 243 bid (244 bid), Nov. 248½ asked (247 asked), Dec. 246¼, May 101.30 bid, July 100.90 nom.

cOats—Oct. 127½ bid (125½), Dec. 127¾ asked (125½), May 85.70 asked, July 84.50 nom.

§Barley—Oct. 199 (193), Dec. 198½ (194), May 94.80, July 95.50 bid.

dFlaxseed—Oct. 707 bid (704½ bid), Nov. 712½ bid (710 bid), Dec. 716 bid, May 293.50, July 295 nom.

Wheat—SCWRS 13.5 per cent. protein content cif St. Lawrence 367½ (361½).

All cents per pound ex-warehouse unless *otherwise stated.* * Cents per 60-lb bushel ex-warehouse. φ $'s per troy ounce—100-ounce lots. † Chicago loose $'s per 100 lbs —Dept. of Ag. prices previous day. Prime steam fob. NY bulk tank cars. ‡‡ Cents per troy ounce ex-warehouse. b New "B" contract in $'s a short ton for bulk lots of 100 short tons delivered fob cars Chicago, Toledo, St. Louis and Alton. ‡ $'s per troy ounce for 50-ounce units of 99.9 per cent. purity delivered NY. ** Cents per 60-lb bushel in store. †† Cents per 56-lb bushel ex-warehouse, 5,000 bushel lots. c Cents per 24-lb bushel. § Cents per 48-lb bushel ex-warehouse, 5,000 bushel lots. d Cents per 56-lb bushel, ex-warehouse, 1,000-bushel lots.

★

HIDES—Manchester. Generally weaker but with a good clearance. Second clear ox 31-35½ kilos 55p per kilo; 26-30½ kilos 54.1p; 22-25½ kilos 60p. Light cows 57p. No calf offered.

STOCK EXCHANGE REPORT

Further squeeze measures leave Gilt losses to £3¾ and share index 14.6 down at 14-month low of 296.0

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Sep. 20	Sep. 30	Oct. 1	Oct. 12
Oct. 4	Oct. 14	Oct. 15	Oct. 26
Oct. 18	Oct. 28	Oct. 29	Nov. 9

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Mid-day news of the 2 per cent. increase to a record 15 per cent. in Minimum Lending Rate accompanied by the call for a further 2 per cent. increase in banks' special deposits came as a severe shock to stock markets yesterday, despite recent talk anticipating such measures. Both British Funds and equities were lowered sharply after showing improvements prior to the announcement. The former closed with losses to £3¾ and the Government Securities index dropped 1.52, its biggest one-day fall for six months, and closed at 57.28, its lowest since last October.

The sharpness of the about-turn in the equity leaders was well illustrated by the F.T. 30-share index which touched its best of the day at noon with a rise of 6.5, was 8.9 down an hour later, and closed 14.6 off at a 14-month low of 296.0. The early afternoon fall on marking down and bear selling was followed by a lull in activity before fresh offering developed towards the close and continued well into the late dealings.

Gilts stunned

Secondary issues failed to escape the malaise, as shown in the 12-1 majority of falls over rises in F.T.-quoted Industrials. With recent fears of higher interest rates becoming a reality, Property shares were again hard hit and the F.T.-Actuaries index for the sector fell 5.9 per cent. to a low for the year of 112.23 compared with a loss of 2.9 per cent. to 126.88, also a new 1976 low, in the All-Share index. Official markings of 4,090 compared with 5,012 on Wednesday and 5,228 a week ago.

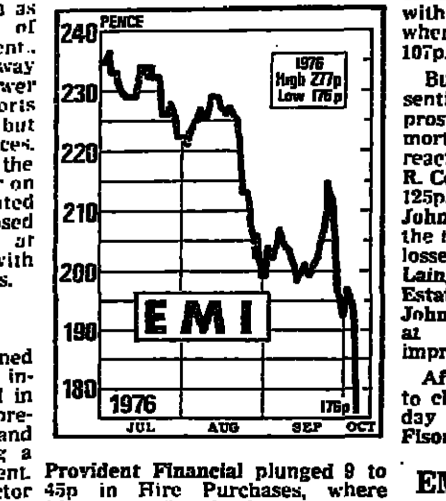
The market in British Funds was stunned by the two-point rise in Minimum Lending Rate—the increase in clearing bank special deposits was expected. Before the 12.30 p.m. announcement, the trend had been slightly higher but after a 30-minute suspension of trading while the market adjusted to a new yield structure, the market re-opened as much as 4 points lower in the case of the medium Treasury 12 per cent., 1983, issue, at 90. A fair two-way business developed at the lower quotations and one or two shorts closed ¼ above the lowest but still over 3 points down in places. The longs often closed ¼ above the worst and some 2½ points lower on balance, while the medium-dated Treasury 12 per cent., 1983, closed with the heaviest fall of 3¾, at 90½. Corporations ended with losses extending to 4½ points.

Discounts weak

The course of sterling remained a dominant influence in the investment currency market and in active two-way trading the premium fluctuated between 131½ and 128½ per cent. before settling a net 2 points lower at 129 per cent. Yesterday's SE conversion factor was 0.6813 (0.6825).

Reflecting the recent sharp setback on Wall Street, Dentsply International and Esmark in Recent Issues fell ¾ and 1½ respectively to the common price of £27¾.

Discounts sustained further widespread losses in sympathy with gilt-edged; actual selling was modest but, with the market unwilling to take stock, price quotations were lowered and widened. Allen Harvey and Ross fell 30 to 280p, Cater Ryder 20 to 165p, Union, 15 to 245p and Alexanders 10 to 145p, while losses of 5 were seen in **King and Shaxson**, 30p, **Jessel, Toynbee**, 53p, after 50p, and **Gillett**, 140p. The four major clearing banks sustained falls to 10 on the call for a further 2 per cent. on special deposits. **Barclays** lost that amount to 218p, after having been up to 230p in early dealings, while declines of 8 were seen in the other three. Dull spots in Merchant Banks included **Guinness Peat**, down 7 at 133p, following the full report, **Hambros**, 6 off at 122p, and **Hill Samuel** 4 down at 59p.



Provident Financial plunged 9 to 45p in Hire Purchases, where **Lloyds and Scottish** lost 4 more at 43p, and **Wagon Finance** 3 at 29p. Foreign banks were quieter and mixed. **Standard Chartered** reacted 16 to 307p, while **Bank of Ireland** declined 20 to 230p, after 220p. **Bank of New South Wales**, however, recovered 5 at 540p, while the new nil-paid rallied 10 to 135p premium.

Losses in Insurances were not as heavy as in other financial sectors, although Brokers came under pressure following news that **Alexander Howden** were coming to the market for £12m. by way of a rights offer; Howden closed 7 off at 122p, while falls of 12 were sustained by **Hogg Robinson**, 122p, and **Sedgwick Forbes**, 200p. **C. T. Bowring** declined 5 to 53p, and **Stenhouse** 7 to 80p.

Brewery shares came in for some fairly persistent selling which continued into the late dealings on growing fears of the possibility of an increase in excise duty. **Bass** fell 5 to 79p and falls of 3 occurred in **Allied** 51p and **Whitbread 'A'**, 54p. Among secondary issues, **Vaux** stood out with a loss of 18 at 205p. Elsewhere, **Distillers** gave up 4½ to 107p.

Buildings had another bad day, sentiment being affected by the prospect of a substantial rise in mortgage rates. **Taylor Woodrow** reacted 10 more to 206p, while **R. Costain**, 114p, and **A.P. Cement**, 125p, lost 4 and 6 respectively. **John Finlan** eased 2 to 16p on the first-half profits setback, while losses of 4 were seen in **John Laing "A,"** 52p, and **Fairview Estates**, 42p. Against the trend, **John Mowlem** finished 2 harder at 70p on the substantially improved first-half profits.

After touching 297p, **ICI** reacted to close a net 11 cheaper on the day at a 1976 low of 284p, while **Fisons** lost another 9 to 248p.

EMI fall

Stores closed widely lower on the further squeeze measures. **Debenhams** were finally 5 easier at 53p, after 52p, following interim figures which failed to come up to market expectations. **Gussies "A"** lost 11 to 128p for a two-day loss of 20, while **British Home Stores** reacted similarly to a 1976 low of 114p. **House of Fraser** ended 5 off at 53p, while **Burton "A"** closed 2 easier at 24p and **Marks and Spencer** with a loss of 3 at 79p. **Lee Cooper**, lately rising against the trend, gave up 5 to 55p. **Austin Reed "A"** managed to close 2 harder at 29p on the first-half profits increase.

EMI featured Electricals, closing 13p cheaper at 176p following preliminary figures which failed to come up to market expectations. **BICC** declined 7 to 86p, while losses of around 4 were seen in **GEC**, 120p, **Plessey**, 81p, and **Reyrolle Parsons**, 98p. **Thorn Electrical** were dull again, the Ordinary and "A" losing 4 and 6 respectively at the common level of 150p.

Tube Investments continued to bear the brunt of the pressure in Engineerings and fell 12 to 254p, the year's lowest. Other leaders came back 8 including **GKN**, 234p, and **Hawker**, 338p, while **Vickers** shed 7 more to 129p and **John Brown** 5 to 85p. Losses ranging to 6 were seen in **Staveley Industries**, 130p, and **McKechnie Brothers**, 50p, while heavier-priced issues such as **Weyburn**, 274p, and **APV**, 212p, fell 10 or so. Comment that it could be the first customer for the new equity bank unsettled **Dunford and Elliott**, 2 easier at 13p. Elsewhere, **Sanderson Kayser** hardened 1 to 46p and **Warne Wright** ½ to 29p, both following good first-half results.

Among Foods, **J. Lyons** lost another 4 to 42p and **Tate and Lyle** fell 11 to a 1976 low of 205p. **Bejam** came back 6 to 56p. Hotels and Caterers were featured by **Grand Metropolitan**, down 6 at 46p with the 10 per cent. Convertible 1991-96 finishing 5 points off at £60. Against the trend, **Kursaal** were raised 15 to 165p in a thin market.

Misc. leaders react

After having been as much as 6 higher at noon, the Industrial miscellaneous leaders fell back sharply in the afternoon to close with net falls to 10 on the day. **Glaxo** finished that amount off 300p, after 315p, awaiting results due next Monday. **Beecham** closed 9 lower at 305p, after 320p, and **BOC International** ended 4½ down at 47½p, after 55p. Other notable losses among the leaders included a fall of 6 at 140p in **Bowater** and declines of around 8 in **Rank Organisation**, 120p, and **Reed**, 196p. Secondary issues posted a long list of falls ranging generally to 8 as in **Relyon PBWS**, 48p, **BTR**, 120p, and **Gestetner "A,"** 133p. **Magnolia Manufacturing** dipped 7 to 50p, **Harris and Sheldon** 6 to 36p, and **Avon Rubber** 5 to 65p. Of the few firm spots, **Bruntons (Musselburgh)** hardened 2 to 83p in response to a good rise in first-half profits and the forecast of even better growth in the second-half. **Elbar** continued to meet with small speculative support at 170p, up 5, while the Australian **Broken Hill Proprietary** also hardened 5 to 810p.

Crane Fruehauf featured late in Motors with a rise of 7 to 26p in response to the 27p per share cash bid from Fruehauf Corpn. of Detroit. Other issues, however, shared in the market downturn. **Associated Engineering** reacted 6 to 61p, while **Bluemel Bros.**, 31p, **Lucas Industries**, 148p, lost 4 and 5 respectively. Dull garages had **Lex Service** 2 easier at 29½p.

Favourable comment on the excellent first-half results gave no support to **Thomson** which, with the general downturn, reacted 10 to 260p. **Pearson Longman** led other Newspapers lower, closing 7 down at 93p, while **United** lost 8 to 180p and **Associated** 4 to 89p. Paper/Printing leaders fared similarly, **DRG** slipping 5 to 86p.

Properties alarmed

Properties showed alarm at the hike in MLR, it being feared that the additional burden of increased interest repayments could prove too much for some concerns. **Hammerson "A"** registered the heaviest loss of 22 to 238p, while falls of between 10 and 15 were sustained by **Great Portland Estates**, 160p, **Property Holding**, 155p, and **United Real**, 133p. The leaders presented a similar sorry tale and **Land Securities** dropped 11 to 103p, while **MEPC** fell 7 to 37p and **English** 5½ to 28p. **British Land** lost 3 to 15p. Other well-known names to suffer included **Peachey**, 5½ down at 35p, **Stock Conversion**, which closed 9 off at 118p and **Percy Bilton**, 6 cheaper at 130p. **Haslemere Estates** came back 9 to 128p, but **Argyle Securities** gained 3 to 49p; the Occidentale bid for the latter is now unconditional.

The assumption that a recovery in sterling would cool recent ardour for Oils as a currency hedge brought a certain amount of pressure to bear on both **British Petroleum**, down 28 at 575p, and **Shell** which lost 13 to 359p. **LASMO/SCOT** were subjected to profit-taking and fell 10 to 262p, while investment premium influences lowered **Royal Dutch** ⅞ to £40½. Secondary issues, however, were a relatively calm market. **Oil Exploration** moved against the trend as fresh small speculative interest raised the price 2 more to 93p, after 94p. In the overseas section, **Weeks Natural Resources Preferred Ordinary** reacted 8 to 70p.

Among Overseas Traders, **Inchcape** fell 15 to 375p and **Harrisons and Crosfield** 13 to 387p, **S. and W. Berisford** eased 6 late to 120p, but **Booker McConnell** held up better than most following Press comment, ending a net penny down at 113p, after 116p.

Awaiting to-day's interim statement, **S. Pearson** eased 5 to a 1976 low of 105p. **Smith Bros.** shed 2 to 32p following the full report and accounts. **Mooloya** were notable for a decline of 5 to a 1976 low of 28p.

Interest in Shippings was again mainly concentrated on **P & O Deferred** which encountered another large turnover following Press comment on the interim results before finishing 5½ cheaper at 96p. **Hunting Gibson** declined 9 to 120p, while **Sheaf Steam**, 80p, and **Furness Withy**, 155p, lost 4 and 5 respectively.

The sharp increase in interest rates and talk of the possibility of a rise in excise duty took its toll of Tobacco shares. **BATs**, a reasonably steady market of late on its overseas interests, dipped 19 to 238p with the Deferred shares a similar amount down at 188p. **Imps** gave up 5 to 57p.

In common with the other leaders, **Courtaulds** ended 7 off on balance at 94p, after being up to 103p. Among other Textiles, losses of 2 or 3 were widespread. **Geo. Spencer**, eased 2 more to 35p, in line with the bid from Nottingham Manufacturing.

Features in Mines

The overnight rise in the Penang tin price coupled with talk that a brokers' bullish circular was about to be published prompted sharp initial gains in Tin share prices, although the rise in Minimum Lending Rate caused a reaction in afternoon dealings.

Gopeng Consolidated rose to 240p before closing 15 higher on balance at 230p and **Geevor** improved 10 to 240p. **Ayer Hitam** touched a year's high of 317p before reacting to 312p, a net gain of 2, while **Southern Malayan** reached a 1976 high of 200p before closing at 192p, also 2 up.

South African Gold shares continued to move ahead although they too closed below the best. The initial steadiness of the investment premium and the higher metal price resulted in a good demand from most quarters but the subsequent easing of both caused jobbers to mark prices down. However, the Gold Mines index still managed a 3.4 gain to 118.2—its highest since September 24. Bullion was finally 25 cents up at $115.625 per ounce.

The London-based Financials mirrored the U.K. Indu market. **Charter** closed 7 c at a year's low of 112p, 120p, **Rio Tinto-Zinc** were 4 at 161p, after 171p and Sele Tr st gave up 13 to 388p, 395p.

Australians provided feat in **BH South** and **Selcast**. latter which is currently eng in diamond drilling in Teutonic Bore area in Wes Australia following encoura percussion drilling res advanced 5 to 81p, after 83p. South, however, dropped 1 170p; the company intends make a rights issue, the proc of which will be used for phosphate project.

FINANCIAL TIMES STOCK INDICES

—	Oct. 7	Oct. 6	Oct. 5	Oct. 4	Oct. 1	Sept. 30	A Ye ag
Government Secs.	57.28	58.80	59.18	59.36	59.13	59.18	58.
Fixed Interest	56.48	58.65	58.93	58.95	58.97	58.85	59.
Industrial Ordinary	296.0	310.6	319.3	323.8	317.5	323.5	33
Gold Mines	118.2	114.8	107.0	106.0	105.9	108.7	24
Ord. Div. Yield	7.55	7.24	7.07	6.95	7.08	6.98	6.
Earnings Y'ld%(full)(a)	22.30	21.38	20.89	20.55	20.93	20.63	16.
P/E Ratio (net) (a) (b)	6.62	6.90	7.06	7.18	7.08	7.19	8.
Dealings marked	4,090	5,012	4,625	4,234	4,669	5,228	4,
Equity turnover £m.	—	60.05	33.32	30.33	48.44	68.68	66
Equity bargains total	—	11,404	9,821	11,138	11,556	12,041	14,6

10 a.m. 313.2. 11 a.m. 314.8. Noon 317.1. 1 p.m. 301.7. 2 p.m. 299.8. 3 p.m. 299.2.

Latest Index 01-246 8026.

(a) Based on 52 per cent. corporation tax. (b) Nil=6.68.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1976 High	1976 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	65.21 (30/1)	57.28 (7/10)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	64.43 (2/2)	56.48 (7/10)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	420.6 (4/5)	296.0 (7/10)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	246.9 (2/1)	78.8 (25/3)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

—	Oct. 7	Oc 6
Daily—		
Gilt-Edged	151.4	168
Industrials	135.3	173
Speculative	32.5	26
Totals	93.1	114
5-day Avr'ge.		
Gilt-Edged	167.7	172
Industrials	148.2	156
Speculative	30.8	31
Totals	103.0	108

Dismissals appeal bar 'unclear'

THE LAW that bars people w jobs take them abroad claiming unfair dismissal com sation should be made cle Mr. Justice Phillips, presiden the Employment Appeal Tribu said yesterday. He urged tha exclusion clause in the T Union and Labour Relations be made more coherent.

Problems were likely to a especially with the growth of Common Market and internati travel by workers such as l and air crews, he said.

The tribunal dismissed appeal by a shipping man ment consultant, Mr. Alan Wil of Penylan, Cardiff, agains decision that he could not cl unfair dismissal compensa because he "ordinarily wor outside Great Britain."

His former employers, Swedish-based Maynard S building Consultants, dischar Mr. Wilson last year.

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Thursday, October 7, 1976 Index No.	Day's Change %	Est. Earnings Yield % (Max.) (Corp. Tax 52%)	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) (Corp. Tax 52%)	Est. P/E Ratio (nil) (Corp. Tax 52%)	Wed. Oct. 6 Index No.	Tues. Oct. 5 Index No.	Monday Oct. 4 Index No.	Friday Oct. 1 Index No.	Year ago (approx.) Index No.	Highs and Lows Index 1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (179)	114.17	−2.4	22.87	8.15	6.48	6.50	116.96	119.93	120.28	118.83	124.49	160.06 (21/4)	114.17 (7/10)	206.57 (4/6/72)	50.71 (13/12/74)
2	Building Materials (30)	101.74	−2.3	22.32	9.41	6.74	6.74	104.10	107.30	107.51	105.86	122.02	150.18 (15/1)	101.74 (7/10)	233.84 (2/5/72)	44.27 (11/12/74)
3	Contracting, Construction (23)	150.47	−3.0	28.05	7.39	5.49	5.49	155.07	159.45	158.37	157.73	225.04	260.20 (15/1)	150.47 (7/10)	389.33 (19/5/72)	71.48 (2/12/74)
4	Electricals (16)	211.03	−3.0	20.96	6.29	6.92	7.12	217.46	222.13	224.82	222.32	216.86	287.30 (21/4)	211.03 (7/10)	350.04 (4/5/72)	84.71 (25/6/62)
5	Engineering (Heavy) (13)	136.24	−3.6	33.80	9.13	4.33	4.27	141.27	145.22	145.51	141.29	151.76	193.18 (5/5)	136.24 (7/10)	202.57 (6/6/75)	64.39 (2/1/75)
6	Engineering (General) (64)	106.24	−1.8	22.94	8.62	6.45	6.44	108.20	111.00	111.04	109.99	107.02	149.29 (5/5)	106.24 (7/10)	168.59 (4/5/72)	45.43 (13/12/74)
7	Machine and Other Tools (9)	47.44	−1.3	18.99	9.36	7.52	7.50	48.04	48.88	48.89	48.50	42.06	60.63 (5/5)	47.44 (7/10)	136.70 (4/7/69)	19.96 (13/12/74)
8	Miscellaneous (24)	102.59	−2.4	20.44	8.67	7.21	7.15	105.12	107.22	107.15	105.30	104.33	141.94 (11/5)	102.59 (7/10)	177.41 (27/4/72)	49.65 (6/1/75)
9	CONSUMER GOODS (DURABLE) (53)	92.73	−2.0	24.66	7.52	6.08	6.07	94.64	97.60	99.38	98.00	100.04	141.46 (21/4)	92.73 (7/10)	227.78 (1/4/72)	38.39 (6/1/75)
10	Lt. Electronics, Radio TV (15)	97.91	−1.4	24.57	5.95	6.05	6.04	99.30	102.10	106.62	105.04	118.59	160.35 (7/4)	97.91 (7/10)	257.41 (19/5/72)	42.85 (13/12/74)
11	Household Goods (13)	124.29	−2.1	23.70	9.62	6.45	6.41	126.97	129.70	129.28	128.76	151.69	187.22 (7/4)	124.29 (7/10)	263.22 (4/5/72)	63.92 (17/12/74)
12	Motors and Distributors (25)	60.98	−2.8	25.39	8.94	6.02	5.99	62.75	65.17	64.60	63.56	51.68	85.16 (5/5)	60.98 (7/10)	170.59 (16/1/69)	19.91 (6/1/75)
13	CONSUMER GOODS (NON-DURABLE) (169)	115.18	−3.3	19.34	8.37	7.82	7.74	119.09	123.15	123.32	122.26	139.01	162.24 (4/2)	115.18 (7/10)	226.08 (16/5/72)	61.41 (13/12/74)
14	Breweries (15)	130.00	−2.0	18.21	8.77	8.22	8.22	132.69	135.88	137.17	136.84	160.01	179.43 (2/2)	130.00 (7/10)	281.87 (5/11/72)	69.47 (13/12/74)
15	Wines and Spirits (7)	136.09	−1.7	17.38	8.05	8.84	8.84	138.40	141.70	140.61	139.50	145.39	190.67 (5/5)	136.09 (7/10)	257.40 (15/7/72)	78.88 (13/12/74)
16	Entertainment, Catering (14)	133.67	−4.9	18.54	9.99	8.34	8.26	140.59	147.02	147.07	142.78	159.38	211.26 (6/5)	133.67 (7/10)	329.99 (12/12/72)	54.83 (9/1/75)
17	Food Manufacturing (23)	129.51	−1.7	21.85	7.05	6.95	6.90	131.75	136.82	137.50	136.45	150.58	179.44 (11/5)	129.51 (7/10)	211.66 (1/5/72)	59.67 (11/12/74)
18	Food Retailing (16)	104.22	−2.0	17.90	7.51	8.18	8.18	106.36	110.80	111.44	109.49	144.29	150.05 (12/1)	104.22 (7/10)	235.08 (16/8/72)	54.25 (11/12/74)
19	Newspapers, Publishing (16)	156.04	−2.5	15.41	6.69	9.82	9.82	160.12	161.12	160.53	158.87	135.81	184.34 (11/5)	156.04 (7/10)	260.29 (12/1/73)	55.08 (6/1/75)
20	Packaging and Paper (12)	82.07	−2.5	18.61	9.58	8.25	8.25	84.20	86.31	86.56	84.90	92.25	112.50 (26/2)	82.07 (7/10)	135.69 (2/4/72)	43.46 (6/1/75)
21	Stores (34)	88.54	−4.2	17.22	7.92	8.94	8.93	92.42	96.63	96.55	95.95	120.62	136.24 (2/2)	88.54 (7/10)	204.39 (16/8/72)	52.63 (6/1/75)
22	Textiles (23)	115.69	−1.5	16.22	9.97	9.34	8.30	117.43	122.92	124.46	124.76	143.82	163.24 (30/1)	115.69 (7/10)	235.72 (7/1/69)	62.66 (11/12/74)
23	Tobaccos (3)	181.94	−6.2	24.09	9.49	6.18	6.18	194.00	197.06	195.57	195.08	192.45	241.89 (5/5)	181.94 (7/10)	339.16 (2/8/72)	94.34 (13/6/62)
24	Toys and Games (6)	64.22	−1.1	23.48	9.32	5.70	5.67	64.95	66.49	66.34	65.02	60.29	80.95 (16/7)	59.13 (22/1)	135.72 (16/1/70)	20.93 (6/1/75)
	OTHER GROUPS (95)															
25	Chemicals (26)	170.96	−1.8	17.95	6.70	7.59	7.59	174.03	179.47	180.95	179.68	175.81	231.38 (5/5)	170.96 (7/10)	231.38 (5/5/76)	71.20 (1/12/74)
26	Office Equipment (9)	69.99	−2.9	17.19	7.52	8.50	8.50	72.10	76.01	76.99	75.90	81.14	100.18 (19/3)	69.99 (7/10)	246.06 (1/9/72)	45.34 (2/1/75)
27	Shipping (12)	326.62	−3.2	15.11	8.05	9.42	8.52	337.35	351.84	352.00	348.37	371.53	432.64 (30/1)	326.62 (7/10)	517.00 (5/12/72)	90.80 (25/6/62)
28	Miscellaneous (48)	122.62	−2.4	18.77	9.58	8.00	7.99	125.67	130.36	131.33	130.18	142.98	172.98 [illegible]	122.62 (7/10)	258.83 (25/2/72)	60.39 (6/1/75)
29	INDUSTRIAL GROUP (496)	119.42	−2.7	20.06	8.08	7.36	7.33	122.72	126.68	127.25	126.05	136.13	165.38 [illegible]	119.42 (7/10)	220.17 (1/5/72)	59.01 (13/12/74)
30	OILS (4)	320.77	−4.1	15.28	5.46	8.75	8.03	334.43	336.97	340.41	338.95	318.04	395.84 [illegible]	320.77 (7/10)	431.66 [illegible]	87.25 (29/5/62)
31	500 SHARE INDEX	135.70	−3.9	16.87	7.62	7.57	7.44	139.80	143.71	144.49	145.24	151.18	185.00 [illegible]	135.70 (7/10)	227.95 (18/5/72)	65.49 (13/12/74)
32	FINANCIAL GROUP (100)	98.61	−3.8	—	8.04	—	—	102.50	105.70	106.05	104.57	132.89	155.46 (15/1)	98.61 (7/10)	241.41 (11/4/72)	55.88 (13/12/74)
33	Banks (6)	123.91	−4.0	27.29	7.42	5.64	5.64	129.08	132.07	132.07	130.44	159.44	192.16 (29/1)	123.91 (7/10)	288.32 (20/7/72)	62.44 (12/12/74)
34	Discount Houses (10)	115.17	−5.8	—	12.10	—	—	122.27	125.56	125.03	126.23	144.18	186.52 (15/1)	115.17 (7/10)	293.13 (27/7/72)	81.40 (10/12/74)
35	Hire Purchase (5)	62.29	−11.2	11.62	10.53	19.16	19.16	70.12	74.62	74.62	73.00	90.43	132.10 (22/2)	62.29 (7/10)	435.72 (4/5/72)	38.85 (11/12/74)
36	Insurance (Life) (16)	81.14	−3.5	—	9.32	—	—	84.05	86.19	86.57	85.60	115.37	129.46 (30/1)	81.14 (7/10)	194.46 (15/5/72)	44.88 (2/1/75)
37	Insurance (Composite) (7)	79.97	−1.4	—	9.27	—	—	81.12	83.42	84.21	83.00	108.17	119.75 (30/1)	79.97 (7/10)	158.76 (21/4/72)	43.96 (13/12/74)
38	Insurance Brokers (9)	202.04	−5.6	14.32	6.21	10.45	10.45	214.07	218.24	217.13	215.20	204.90	276.90 (11/5)	202.04 (7/10)	276.90 (11/5/76)	65.86 (16/12/74)
39	Merchant Banks (15)	50.08	−3.8	—	11.11	—	—	52.06	53.54	53.05	52.24	86.48	93.83 (27/1)	50.08 (7/10)	278.57 (1/5/72)	31.21 (7/1/75)
40	Property (32)	112.23	−5.9	5.33	4.28	33.76	31.81	119.32	126.85	127.86	124.88	166.30	194.57 (30/1)	112.23 (7/10)	357.40 (3/11/73)	56.01 (20/4/65)
41	Miscellaneous (6)	63.40	−3.6	22.18	13.13	6.80	6.80	65.81	66.99	66.74	66.87	68.24	91.98 (5/5)	63.40 (7/10)	305.13 (18/5/72)	34.29 (17/12/74)
42	Investment Trusts (50)	134.47	−3.5	3.98	5.85	25.95	25.95	135.15	137.39	137.55	136.84	161.97	184.55 (30/1)	134.47 (7/10)	245.79 [illegible]	71.65 (13/12/74)
43	ALL-SHARE INDEX (650)	126.88	−2.9	—	7.58	—	—	130.74	134.38	135.04	133.77	146.94	172.64 (30/1)	126.88 (7/10)	228.18 (1/5/72)	61.92 (13/12/74)
	COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44	Rubbers (9)	473.44	−1.2	9.95	5.93	14.61	13.53	478.98	479.91	474.85	467.17	360.15	523.40 [illegible]	404.67 (13/1)	555.37 (26/7/73)	84.62 [illegible]
45	Teas (9)	130.06	−0.4	31.14	9.78	4.26	4.15	130.59	130.59	130.59	131.40	105.24	142.45 [illegible]	117.89 [illegible]	142.45 [illegible]	59.72 [illegible]
46	Coppers (3)	192.63	—	35.63	5.81	2.97	2.97	192.63	196.45	196.45	199.11	289.62	301.47 [illegible]	177.60 [illegible]	587.78 (15/7/75)	94.09 [illegible]
47	Mining Finance (11)	85.57	−1.5	12.19	5.36	9.23	9.17	86.72	87.31	87.53	87.57	103.46	119.77 [illegible]	85.82 [illegible]	175.90 [illegible]	66.31 [illegible]
48	Tins (7)	126.36	−1.4	11.18	7.65	13.76	13.66	124.66	124.99	121.74	119.88	89.37	126.36 (7/10)	86.09 [illegible]	125.43 [illegible]	54.8 [illegible]
49	Overseas Traders (13)	195.09	−2.0	16.70	7.02	7.87	7.87	199.13	205.25	202.40	202.44	205.03	254.47 (5/5)	195.09 (7/10)	254.47 [illegible]	97.37 [illegible]

	FIXED INTEREST	Thurs. Oct. 7 Index No.	Thurs. Oct. 7 Yield %	Wed. Oct. 6	Tuesday Oct. 5	Monday Oct. 4	Friday Oct. 1	Thurs. Sept. 30	Wed. Sept. 29	Tuesday Sept. 28	Year ago (approx.)	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield	—	15.40	15.05	14.93	14.93	14.91	14.90	14.78	14.78	14.95	—	—	—	—
2	20-yr. Govt. Stocks (6)	43.38	14.87	44.69	45.07	45.30	45.11	45.29	45.81	45.83	47.19	53.45 (9/1)	43.38 (7/10)	115.42 (11/9/58)	38.27 (3/1/75)
3	20-yr. Red. Deb. & Loans (15)	44.49	16.50	46.57	46.61	46.53	46.76	46.72	47.27	47.37	46.83	52.40 (21/5)	44.49 (7/10)	113.93 [illegible]	37.01 [illegible]
4	Investment Trust Prefs. (15)	41.25	16.78	44.09	44.55	44.12	44.42	44.72	45.91	46.32	45.29	51.25 (15/3)	41.25 (7/10)	114.41 (13/3/65)	34.45 [illegible]
5	Coml. and Indl. Prefs. (20)	55.84	17.45	60.01	60.85	60.87	61.47	61.46	63.02	63.38	61.33	71.97 (2/2)	55.84 (7/10)	114.95 [illegible]	47.67 [illegible]

Section or Group	Base Date	Base Value
Overseas Traders	31/12/74	100.00
Engineering (Heavy)	31/12/71	153.84
Engineering (General)	31/12/71	153.84
Wines and Spirits	16/1/70	144.76
Toys and Games	16/1/70	135.72
Office Equipment	16/1/70	162.74
Industrial Group	31/12/70	128.20
Miscellaneous Financial	31/12/70	128.06
Food Manufacturing	29/12/67	114.13
Food Retailing	29/12/67	114.13
Insurance Brokers	29/12/67	96.67
Mining Finance	29/12/67	100.00
All Other	10/4/62	100.00

‡ Redemption yield. FT-Actuaries indices are calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer.

A list of the constituents of the FT-Actuaries Share indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p. By post 20p.

A record of the indices, cost £30, is obtainable from FT Business Enterprises, 10, Bolt Court, London, EC4. It gives all group and sub-section indices at fortnightly intervals since the start of the series in 1962 with quarterly highs and lows. Dividend and earnings figures are also included.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1976 high	1976 low
ICI	£1	16	284	−11	402	284
EMI	50p	13	176	−13	277	176
BATs Defd.	25p	12	188	−19	225	188
Beecham	25p	10	305	− 9	390	305
GUS 'A'	25p	10	128	−11	224	128
Shell Transport	25p	10	359	−13	462	359
Grd. Metropolitan	50p	9	46	− 6	88	46
GKN	£1	9	234	− 8	360	234
Howden (A.)	10p	9	122	− 7	176	118
Lonrho 'New'	Nil/pd.	9	23*	—	27*	22*
Marks & Spencer	25p	9	79	− 3	108	79
Tate & Lyle	£1	9	205	−11	295	205
BP	£1	8	575	−28	685	557
Dunlop	50p	8	64	− 2	98	64
Imperial Group	25p	8	57	− 5	88	57

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).

* Premium.

Option Report—3-month call Rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Sep. 28	Oct. 11	Dec. 30	Jan. 12
Oct. 12	Oct. 25	Jan. 13	Jan. 25
Oct. 26	Nov. 7	Jan. 27	Feb. 8

Calls were dealt in ICI, J. Lyons, Lonrho, National Westminster Bank Warrants, Marks and Spencer and Gussies "A." Puts were done in Shell Transport, ICI and Courtaulds, while doubles were arranged in Wilmot-Breeden, Burmah Oil, Cavenham and Lonrho.

Industrials		E.M.I.	14	Midland Bank	24	Cap. Counties	5
A. Brew	6½	Fitch Lovell	6	Nat'West Bank	20	E.P.	5
A. P. Cement	15	Gen. Accident	12	"Do" Warrants	7½	Int. Europe	7
Assoc. Leisure	3	Gen. Electric	13	P&O Dfd.	11	Land Securities	14
B.S.R.	9	Glaxo	35	Plessey	7	MEPC	7
Babcock	8	Grand Met	7	R.H.M.	5	Peachey	6
Barclays Bank	22	G.U.S. 'A'	16	Rank Org. 'A'	18	Samuel Props.	4½
[illegible]	5	Guardian	10	Reed Int'l	24	Town & City	2½
Beecham	28	G.K.N.	25	Reyrolle	11		
Boots Drug	12	Hawker Sidd.	35	Rothmans	4	Oils	
Bowaters	16	House of Fraser	8	Slater Walker	4	Brit. Petroleum	40
B.A.T.	21	I.C.I.	20	Spillers	4	Burmah Oil	4½
British Leyland	5	"Imps"	7	Tesco	4	Shell	27
BOC Int.	5½	I.C.L.	14	Thorn 'A'	23	Ultramar	14
Brown (J.)	9	Inveresk	7	Trust Houses	9		
Burton 'A'	6½	Legal & General	12	Tube Invest.	27	Mines	
Cadburys	5	Ladbroke	11	Unilever	38	Charter Cons.	15
Cavenham	10	Lex Service	3½	Utd. Drapery	8	Chart'h'll Fin	4
Courtaulds	11	Lloyds Bank	22	Vickers	16	Cons. Gold	15
Debenhams	8	"Lots"	4	Wilmot Bud'n	4	Hampton Area	12
Distillers	15	London Brick	4½	Woolworths	6	Lonrho	19
Dunlop	7½	Lucas Inds.	20			Rio T. Zinc	18
Eagle Star	11	"Mams"	7	Property		Western Mng.	7
		Marks & Spencer	[illegible]	Brit. Land	5½		

NEW HIGHS AND LOWS FOR 1976

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1976.

NEW HIGHS (5)

HOTELS (1)

Kursaal

MOTORS (1)

Crane Fruehauf

TRUSTS (1)

Challenge Corp.

MINES (2)

Ayer Hitam Sungei Besi

NEW LOWS (723)

BRITISH FUNDS (46)
CORPORATION LOANS (11)
COMMONW'TH & AFRICAN LOANS (5)
LOANS (MISCELLANEOUS) (2)
FOREIGN BONDS (3)
BANKS (31)
BEERS (10)
BUILDINGS (69)
CHEMICALS (16)
CINEMAS (1)
DRAPERY & STORES (39)
ELECTRICALS (26)
ENGINEERING (66)
FOODS (25)
HOTELS (12)
INDUSTRIALS (114)
INSURANCE (17)
MOTORS (16)
NEWSPAPERS (7)
PAPER & PRINTING (3)
PROPERTY (59)
SHIPPING (6)
SHOES (3)
TEXTILES (24)
TOBACCOS (3)
TRUSTS (97)
OILS (5)
OVERSEAS TRADERS (3)
RUBBERS (1)
MINES (3)

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	—	56	—
Corpns., Dom. and Foreign Bonds	1	44	18
Industrials	79	947	678
Financial and Prop.	33	336	195
Oils	3	12	15
Plantation	—	9	32
Mines	52	25	64
Recent Issues	2	18	17
Totals	170	1,445	1,019

BASE LENDING RATES

Allied Irish Banks Ltd.	12
American Express Bank	12
Anglo-Portuguese Bank	12
Henry Ansbacher	12
Banco de Bilbao	12
Bank of Cyprus	12
Bank of N.S.W.	12
Banque du Rhone S.A.	12
Barclays Bank	12
Burnett Christie Ltd.	13
Bremar Holdings Ltd.	12
Brit. Bank of Mid. East	12
■ Brown Shipley	12
Canada Permanent AFI	12
Capitol C & C Fin. Ltd.	13
Cayzer, Bowater Co. Ltd.	12
Cedar Holdings	12
■ Charterhouse Japhet	12
C. E. Coates	13
Consolidated Credits	12
Co-operative Bank	*12
Corinthian Securities	12
Credit Lyonnais	12
G. R. Dawes	13
Duncan Lawrie	12
Eagil Trust	12
English Transcont.	12
First London Secs.	12
■ Antony Gibbs	12
Goode Durrant Trust	1
Greyhound Guaranty	1
Grindlays Bank	‡1
■ Guinness Mahon	1
■ Hambros Bank	1
■ Hill Samuel	§1
C. Hoare & Co.	†1
Julian S. Hodge	1
Hongkong & Shanghai	1
Industrial Bank of Scot.	1
Keyser Ullmann	1
Knowsley & Co. Ltd.	1
Lloyds Bank	1
London & European	1
London Mercantile	1
Midland Bank	1
■ Samuel Montagu	1
■ Morgan Grenfell	1
National Westminster	1
Northern Comm. Trust	1
Norwich General Trust	1
P. S. Refson & Co.	1
Rossminster Accept'cs.	1
Royal Bk. Canada Trust	1
Schlesinger Limited	1
E. S. Schwab	1
Security Trust Co. Ltd.	1
Shenley Trust	1
Standard Chartered	1
Trade Development Bk.	1
Twentieth Century Bk.	1
United Bank of Kuwait	1
Whiteaway Laidlaw	1
Williams & Glyn's	1
Yorkshire Bank	1

■ Members of the Accepting H Committee.

* 7-day deposits 9½%, 1-month de

† 7-day deposits on sums of £10,0 under 9½%, up to £25,000 9 over £25,000 9¾%.

‡ Demand deposits 9½%.

§ Call deposits over £1,000 8½%.

CORAL INDEX
Close 294-299

INSURANCE BAS RATES

† Atlantic Assurance ... 1
Cannon Assurance ... 1

† Address shown under Insurance and Property Bond Table.

MONEY MARKET

Interest rate hump

Bank of England Minimum Lending Rate 15 per cent. (since October 7, 1976)

The increase in the Bank of England Minimum Lending Rate yesterday from 13 per cent. to 15 per cent. produced a more pronounced hump in the curve in yields on deposits over the periods from one month to one year. In the sterling certificate market, for instance, yields on one-month paper rose to 14¼-13⅞ per cent., from Wednesday's 12⅞-12¾ per cent., the three-month to 14¾-14⅝ per cent., from 12¾-12⅝ per cent., and the 12-months to 14¼-14 per cent., from 13¼-12⅞ per cent.

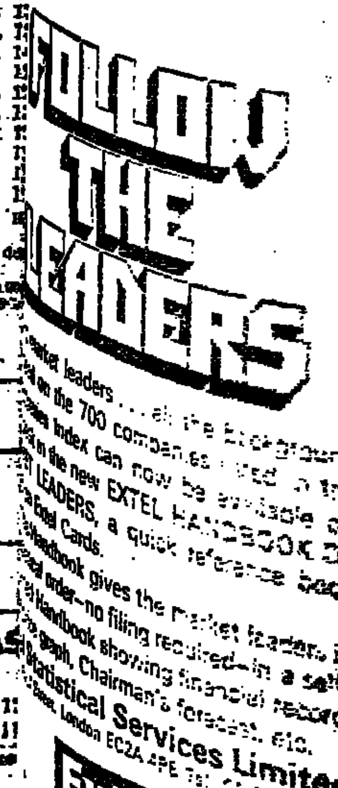
The rise in the MLR meant that dealings in money during the day were largely split into two parts. Discount houses, for instance, bid 11-11½ per cent. for secured call loans in the early stages, but found money at levels down to 10 per cent. before rates rose to 11-12 per cent. Books were balanced without official intervention. The market faced a net take-up of Treasury bills, and revenue transfers to the Exchequer were somewhat greater than Government disbursements, but banks had carried over a small surplus from Wednesday, there was a fall in the note circulation.

As a result of the change in the Bank of England Minimum Lending Rate to a record 15 per cent., the rates quoted in the table below are largely nominal.

Oct. 7 1976	Sterling Certificates of deposit	Interbank	Local Authority deposits*	Local Auth. negotiable bonds	Finance House deposit	Company deposits	Discount market deposits	Treasury bills ‡	Bank Bills ‡	Fine Trade Bills ‡
Overnight	—	10-15	—	—	—	—	9-12	—	—	—
2 days notice	—	—	11⅞-15	—	—	—	—	—	—	—
7 days or 7 days notice	—	13-13½	12-13¼	—	12⅞-13¼	—	11¼-13	—	—	—
One month	14¼-13⅞	14-14¼	14	14½-14¼	14-14¼	—	14-14¼	14⅛-14	14⅛-14⅜	14½-15¼
Two months	14⅜-14	14⅛-14½	—	14⅝-14½	14¼-14⅜	—	14¼-14⅜	14¼-14	14⅛-14½	14¾-15¼
Three months	14¾-14⅝	14⅜-14⅝	14⅜-14½	14¾-14¼	14½-14¾	—	14¼-14⅜	14¼-14⅜	14⅜-14½	14⅞-15¼
Six months	14⅜-14¼	14-14⅜	14⅛-14¼	15¼-14¾	14½	—	—	—	14⅜-14⅝	15¼
Nine months	14⅛-14	13⅞-14⅛	—	15¼-14¾	14-14¼	—	—	—	—	—
One year	14¼-14	13⅞-14¼	14¼	15¼-14¾	14-14½	—	—	—	—	—
Two years	—	—	14½-15	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rates nominally three years 14½-15 per cent.; four years 14⅞-15 per cent.; five years 14½-15 per cent. ‡ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14⅛-14½ per cent.; four-month trade bills 15-15½ per cent. Approximate selling rate for one-month Treasury bills 13⅞-14½ per cent.; two-month 14-14⅛ per cent.; and three-month 14-14½ per cent. Approximate selling rate one-month bank bills 13⅞-13½ per cent.; two-month 14-14⅛ per cent., and three-month 14-14⅛, per cent.; one month trade bills 14½ per cent.; two-month 14½-14¾ per cent., also three months 14½-14¾ per cent.

Finance House Base Rates (published by the Finance Houses Association): 12 per cent. from October 1, 1976. Clearing Bank Deposit Rates for small sums at seven days' notice 9½ per cent. Clearing Bank Rate for lending 12 per cent. Treasury bill average tender rate of discount 12.3645 per cent.



AUTHORISED UNIT TRUSTS

[illegible]

INSURANCE, PROPERTY, BONDS

[illegible]

OFFSHORE AND OVERSEAS FUNDS

[illegible]

S. G. Warburg & Co. Ltd.

30, Gresham Street, EC2. 01-600 4555

Cnv.Bd. Oct. 6	$US9.86	.....	—
Engy.Int. Oct. 6	$US13.37	-0.11	—
Gr.St.$Fd.Sept. 30	$US7.12	.....	—

Warburg Invest. Mngt. Jrsy. Ltd.

1 Charing Cross, St. Helier, Jsy. CI. 0534 29041

CMF Ltd. Sept. 30	$US9.57	9.82	.....	—
CMT Ltd. Sept. 3	£9.78	10.04	.....	—
Metals Tst. Sept.16	£12.56	12.87	.....	—
TMT Sept. 9	[illegible]	11.00	.....	—
TMT Ltd. Sept. 9	£10.86	11.15	.....	—

World Wide Growth Management◊

10a, Boulevard Royal, Luxembourg.

WorldWideGth.Fd.	$US11.72	-0.05	—

NOTES

Prices do not include $ premium, where applicable, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶Net of tax on realised capital gains unless indicated by ◊. †Guernsey yield. #Suspended. ☆Single premium insurance bonds. ♦Yield before Jersey tax.

REGIONAL MARKETS

A selection of the share prices previously shown under regional headings is listed below with quotations on Irish exchange, most of which are not officially listed in London, are shown separately and with prices on the Irish exchange.

[illegible]

FOOD PRICE MOVEMENTS

	Oct. 7 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton†	1,025	990	960
British A.1 per ton†	965	955	920
Irish Special per ton†	965	950	920
Ulster A.1 per ton‡	960	950	920
BUTTER (packet)			
NZ per 20 lbs†	9.24- 9.39	9.24- 9.39	9.24- 9.39
English per cwt†	57.12	56.00	53.90
Danish salted per cwt†	58.18-58.93	56.40-58.93	56.40-58.93
CHEESE§			
English cheddar rindless per tonne	990.11	990.11	950.70
NZ per tonne	896.50	896.50	872.50
EGGS*			
Home-prod. Standard	3.20- 3.30	3.25- 3.40	3.60- 3.85
Large	3.50- 3.70	3.55- 3.90	4.10- 4.20

	Oct. 7 per pound p p	Week ago per pound p p	Month ago per pound p p
BEEF			
Scottish killed sides (ex KKCF)	48.0—49.5	46.0—48.0	44.0—47.0
Eire forequarters	38.0—39.0	—	33.0—36.0
LAMB			
English	45.0—47.0	42.0—44.0	42.0—45.0
NZ PLs-PMs	42.5—45.0	42.0—44.5	36.0—42.0
PORK			
UK (all weights)	28.0—38.5	27.0—39.0	28.0—37.0
MUTTON			
English ewes	—	—	18.0—24.0
POULTRY			
Broiler chickens	29.0—34.4	20.2—32.0	29.5—32.0

* London Egg Exchange price per 120 eggs. † Delivered. § For delivery October 9-16.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1976 High	1976 Low	Stock	£	+ or –	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
101½	99¼	Treasury 10½pc 1976‡‡	99¼	–⅛	10.59	14.42
98⅝	95½	Treasury 6¾pc 1977‡‡	97	–⅛	6.44	13.81
97⅛	94½	Electric 3pc 74-77	96	–¼	3.12	12.74
103½	92⅝	Treasury 11½pc '77‡‡	98	–1	11.73	13.73
95½	91⅞	Treasury 3pc '77‡‡	91⅞	–⅞	3.26	10.96
95⅝	92¼	Transport 4pc '72-77	92¼	–1	4.34	11.03
99¼	90½	Treasury 9pc 1978‡‡	94	–1⅜	9.57	13.73
101½	95	Treasury 10½pc '78‡‡	95	–1⅜	11.05	13.68
93¼	89⅝	Exchequer 5pc '76-78‡‡	91¼	–1¼	5.48	10.01
103½	94⅛	Treasury 11½pc '79‡‡	94⅛	–2⅜	12.22	14.45
98¼	94⅛	Treas. 11½pc '79 'A'‡‡	94⅛	–4⅝	12.22	14.34
88⅞	83¼	Treasury 3pc '79‡‡	83¼	–1¼	3.60	9.63
89⅜	73⅞	Electric 4½pc '74-79	83¼	–2	5.10	10.96
100⅞	90⅛	Treasury 10½pc '79‡‡	90⅛	–2⅞	11.65	14.67
88¼	82¼	Electric 3½pc '76-79	82¼	–2⅛	4.25	10.29
96⅜	85¾	Treasury 9pc 1980‡‡	85¾	–3⅛	10.50	14.36
96½	85⅞	Treasury 9½pc '80‡‡	85⅞	–3	11.06	14.65
86	79¾	Treasury 3½pc '77-80	79¾	–2⅛	4.39	10.24
89½	71	Funding 5¼pc '78-80‡‡	81¾	–2⅛	6.42	11.46
105⅜	90½	Treasury 11½pc 1981‡‡	90½	–3⅜	12.71	14.46
86	79	Treasury 3½pc 1979-81	80	–2⅜	4.37	9.16
95⅝	84¼	Treasury 9¾pc 1981‡‡	84¼	–3⅛	11.57	14.60
		Five to Fifteen Years				
94⅛	81½	Treasury 8½pc '80-82‡‡	81½	–3⅝	10.69	14.06
107¾	90½	Treasury 12pc 1983‡‡	90½	–3¾	13.36	14.46
81⅛	70⅝	Funding 5½pc '82-84‡‡	70⅝	–2⅛	7.93	11.90
87⅞	75⅞	Treasury 8½pc '84-86‡‡	75⅞	–2¼	11.52	13.37
74⅞	61⅛	Funding 6½pc '85-87‡‡	61⅛	–2⅛	10.56	13.41
77⅝	66½	Treasury 7¾pc '85-88‡‡	66⅛	–2⅛	12.00	14.88
51¼	45	Transport 3pc '78-88	45	–1⅜	6.79	11.97
59¾	48¾	Treasury 5pc '86-89	48¾xd	–1½	10.24	13.41
103¾	88¾	Treasury 13pc 1990‡‡	88¾	–2⅞	15.16	15.54
75⅞	65	Treasury 8¼ 87-90‡‡	65	–2	13.22	14.67
60	48½	Funding 5¾pc '87-91‡‡	48½xd	–1⅝	11.87	14.24
		Over Fifteen Years				
100½	85	Treasury 12¾pc '92‡‡	85	–2⅞	15.50	15.83
98½	83	Treasury 12½pc '93‡‡	83	–2⅞	15.61	15.91
58	46⅛	Funding 6pc 1993‡‡	46⅛	–1⅝	13.12	14.80
75⅛	64½	Treasury 9pc '94‡‡	64½	–1¾	14.77	15.45
97½	92½	Treasury 14½pc '94‡‡	92½	–2⅜	15.77	15.86
36½	29¼	Gas 3pc 90-95	29¼xd	–⅞	10.19	13.37
100	86	Treasury 12¾pc '95‡‡	86	–2⅛	15.76	15.93
75⅞	60¼	Treasury 9pc '92-96‡‡	60¾	–1⅝	14.95	15.53
95¾	88	Exchequer 13¾pc '96‡‡	88	–2½	15.83	15.97
35½	28¼	Redemption 3pc 1986-96	28¼	–¼	10.46	13.27
102½	86½	Treasury 13¼pc '97‡‡	86½	–2⅜	15.84	15.93
70⅛	58¾	Treasury 8¾pc 1997‡‡	58¾	–1⅝	15.12	15.62
57⅝	45¾	Treasury 6¾pc '95-98‡‡	45¾xd	–1⅜	14.61	15.38
76	64	Treasury 9½pc 1999‡‡	64	–1⅞	15.37	15.68
31½	26	Funding 3½pc '99-04	26	–⅞	13.90	14.73
65	51¾	Treasury 8pc '02-06‡‡	51¾xd	–1½	15.48	15.63
46⅛	36⅜	Treasury 5½pc '08-12‡‡	36⅜	–1	15.30	15.41
60⅞	51⅛	Treasury 7¾pc '12-15‡‡	51⅛	–1½	15.64	15.64
		Undated				
30⅜	25¼	Consols 4pc	25¼	–¼	15.98	—
27⅞	24⅛	War Loan 3½pc‡‡	24⅛	–⅝	15.28	—
28⅞	23⅝	Conv. 3½pc '61 Aft.	23⅝	–¼	14.84	—
23¼	19⅛	Treasury 3pc '66 Aft.	19⅛xd	–⅜	15.70	—
19⅝	16¼	Consols 2½pc	16¼xd	–⅜	15.39	—
19½	15⅝	Treasury 2½pc	15⅝	–⅜	16.04	—

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 46¾% (based on $US1.6060 per £)

Conversion factor 0.6813 (0.6825)

CANADIANS

S.E. List Premium 46¾% (based on $1.6167 per £)

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INSURANCE

PROPERTY—Continued

TRUSTS—Continued

TRUSTS—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

MINES—Continued

FAR WEST RAND

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
710	250	Blyvoor 25	350	......	Q75c	ϕ	13.9
£14	440	Buffels R1	615	+25	Q125c	ϕ	13.2
198	70	Deelkraal R0.20	108	......	—	—	—
760	125	Doornfontein R1	255	+5	Q55c	2.2	14.0
965	330	East Drie R1	510	+5	Q75c	1.7	9.5
280	122	Elandsrand Gld. 20c	165	......	—	—	
190	44	Elsburg R1	84	+4	‡Q33.8c	1.0	‡
£16½	520	Hartebeest R1	812	+12	Q190c	ϕ	17.2
695	260	Kloof Gold R1	365	−5	Q47c	1.5	8.3
760	140	Libanon R1	285	−5	Q80c	2.0	18.2
740	230	Southvaal 50c	350	+15	Q8c	1.3	1.5
245	92	Stilfontein 50c	145	−1	‡Q36c	2.2	‡
£20¾	700	Vaal Reefs 50c	975	+13	‡Q175c	2.1	‡
420	48	Venterspost R1	155	+7	Q25c	3.6	10.4
£35	£11¼	W. Drie R1	£17	+1¼	Q335c	1.5	12.7
315	68	Western Areas R1	130	+5	‡Q52c	1.4	‡
£15¼	480	Western Deep R2	680	+10	‡Q47½c	1.6	‡
290	100	Zandpan R1	147	+7	Q31½c	1.0	13.8

O.F.S.

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
170	60	Free State Dev. 50c	75	......	Q9c	0.6	7.8
£22½	715	F.S.Geduld 50c	£10	+½	Q200c	ϕ	1.3
200	50	F.S. Saaiplaas R1	110	+5	Z6c	2.6	3.5
465	170	Harmony 50c	250	+10	‡Q65c	1.9	‡
195	38	Loraine R1	85	+1	Q6c	0.5	4.6
£18½	675	Pres. Brand 50c	862	+12	Q170c	ϕ	1.3
£13	395	Pres. Steyn 50c	525	+25	Q45c	ϕ	5.5
£23⅛	750	St. Helena R1	£10	+½	Q170c	ϕ	11.0
174	70	Unisel	106	+2	—	—	—
330	140	Welkom 50c	170	+5	Q15c	ϕ	‡
£25½	950	W.Holdings 50c	£12¾	+¼	Q310c	ϕ	0.2

FINANCE

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
535	315	Ang. Am. Coal 50c	420	+10	MQ38c	2.8	5.9
375	185	Ang. Amer. 10c	235xd	......	Q33c	1.9	9.3
£28¾	£10½	Ang. Am. Gold R1	£13¾	+¼	‡Q260c	1.5	‡
£13¼	850	Ang-Vaal 50c	900	......	Q105c	ϕ	7.7
199	112	Charter Cons.	112	−7	6.76	2.4	9.3
220	128	Cons. Gold Fields	134	......	g7.37	4.3	8.5
23½	13	East Rand Con. 10p	16	−½	1.0	ϕ	9.6
330	150	Geduld Inv. R1	220	......	Q40c	1.5	11.8
£25	£12¾	Gen. Mining R2	£14¾	−¼	Q210c	2.1	9.2
£20⅝	675	Gold Fields S.A. 25c	925	+25	Q155c	1.2	10.8
£24	£11½	Jo'burg Cons. R2	£14¾	......	Q170c	ϕ	7.5
380	200	Middle Wit 25c	225	......	Q35c	1.2	8.0
250	168	Minorco SBD1 40	196	−4	Q2c	0.7	0.6
160	56	New Wit 50c	80	......	Q18c	1.0	14.6
£14⅝	770	Patino NV Fls 5	£13¼	+⅛	QC65c	0.8	2.8
810	310	Rand Selection 50c	380	......	‡Q75c	1.5	‡
543	380	Selection Trust	380	−13	15.2	1.5	6.2
230	98	Sentrust 10c	136	......	Q30c	1.4	14.3
66	38	Silvermines 2½p	38	......	Q4.61	1.6	12.6
£12½	700	T'vaal.Cons.Ld.R1	£10½	−⅛	Q65c	2.0	4.0
310	110	U.C. Invest R1	130	......	‡Q36c	1.0	‡
465	175	Union Corpn. 6.25c	230	......	†Q36c	1.4	10.1
90	45	Vogels 2½c	75	−2	†Q6½c	1.2	5.6

DIAMOND AND PLATINUM

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
£32½	£17½	Anglo-Am. Inv. 50c	£22¼	+¼	†Q244c	1.6	7.1
122	68	Bishopsgate Plt. 10c	94	......	Q8.0c	ϕ	5.5
335	187	De Beers Dl. 5c	210	−3	Q28c	2.2	8.6
£14	850	Do. 40pc Pf R5	975	......	Q200c	ϕ	13.2
128	69	Lydenburg 12½c	88	......	Q7.2c	ϕ	5.4
123	107	Rus. Plat. 10c	119	−1	gQ5c	—	2.7

CENTRAL AFRICAN

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
165	53	Coronation 25c	80	−2	‡Q34c	2.1	‡
130	68	Falcon Rh.50c	86	......	Q35c	ϕ	—
25	9	Rhod'n Corp. 16⅔p	19	......	0.56	6.0	4.5
195	120	Roan Cons. K4	150	......	—	—	—
178	140	Tanganyika 50p	168	−2	Q10.0	0.8	6.0
70	65	Do. Pref. 80p	70	......	Q9	10.2	10.7
54	25	Wankie Col. Rh.1	46xd	......	Q7½c	ϕ	10.6
46	24	Zam.Cpr.SBD0.24	25	......	—	—	—

AUSTRALIAN

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
33	18	Acmex 25c	24	......	—	—	—
323	132	A. M. and S. 50c	307	−3	ϕ†Q7c	ϕ	1.5
165	96	Bougainville 50c	128	−2	Q10c	ϕ	5.1
235	145	BH South 50c	170	−15	—	—	—
75	15	G.M. Kalgoorlie $1	20	......	—	—	—
106	58	Hamptn Areas 5p	95	−3	1.3	3.1	2.1
86	38	Metals Ex. 50c	50	......	—	—	—
20	12	Metramar 20c	19	+1	—	—	—
294	200	M I M. Hldgs. 50c	240xd	−3	Q4½c	ϕ	1.2
105	54	Mount Lyell 25c	54	......	—	—	—
3	2	Newmetal 10c	2½	......	—	—	—
226	138	North B. Hill $1	220	+2	Q9c	ϕ	2.7
9	5	Nth. Kalgurli	8	......	—	—	—
112	65	Oakbridge $A1	108	−3	Q9c	ϕ	5.5
36	14	Pacific Copper 25c	24	−2	—	—	—
£19½	725	Pancont'l 25c	£12	−½	—	—	—
17	9	Paringa M&Ex.5p	12½	......	—	—	—
615	438	Peko-Wallsend 50c	585	+5	Q15c	ϕ	1.7
300	60	Poseidon 20c	75	......	—	—	—
13	9	Vultan Min. 50c	9	......	—	—	—
9	4	Westmex 10c	6	......	—	—	—
*199	127	Westn. Mining 50c	174	−3	Q5c	ϕ	1.8
75	36	Whim Creek 20c	60	......	—	—	—

TINS

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
45	28	Amal. Nigeria	33	+1	5.62	1.6	26.2
317	160	Ayer Hitam	312	+2	23.0	ϕ	11.3
31	17	Beralt Tin	28	−½	1.75	2.8	9.6
415	315	Berjuntai $M25	405	......	Q$M1.5	ϕ	8.3
18	12	Ex Lands 10p	12	......	1.0	1.7	12.8
265	155	Geevor	240	+10	5.0	ϕ	3.2
14	6	Gold & Base 12½p	9	......	—	—	—
250	170	Gopeng Cons.	230	+15	‡11.0	1.3	‡
80	64	Hongkong	70	......	—	—	—
70	56	Idris 10p	63	......	7.15	1.5	18.3
7½	6	Jantar 12½p	6	......	—	—	—
42	31	Kamunting 15p	40	......	‡7.0	1.2	‡
250	135	Killinghall	250	......	Q50.0	1.2	20.0
240	168	Malay Dredging	232	−1	10.7	2.0	7.1
38	20	♦Pahang	27	......	‡Qh2.6	ϕ	‡
55	40	Pengkalen 10p	50	......	‡7.0	1.5	‡
130	104	Petaling $M1	130	......	Q12½c	—	2.2
46	19	Saint Piran	40	+2	1.25	2.5	4.8
100	64	South Kinta (10p)	90xd	−5	7.5	0.6	12.8
200	105	Sthn. Malayan	192	+2	10.7	0.9	8.6
46	31	Sungei Besi 20p	46	+3	—	—	—
42	29	Sungei Way $M1	42	......	ZQ10	—	5.4
48	40	Tanjong 15p	43	......	4.0	0.9	16.6
52	40	Tongkah Hrbr. $M1	40	......	†Q23%	0.6	14.4
110	58	Tronoh	106	......	†4.29	2.0	6.2

COPPER

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
85	35	Botswana RST R2	53	......	—	—	—
335	170	Messina R0.50	200	......	†Q35c	1.9	11.3

MISCELLANEOUS

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
10	8	Burma Mines 17½p	8½	......	0.1	ϕ	2.0
*35½	17½	Charterhall 5p	17½	−½	—	—	—
990	580	Cons. Murch. 10c	670	+20	†Q80c	1.8	7.7
350	245	Northgate C$1	320	−5	—	—	—
239	153	R.T.Z.	161	−4	g5.96	2.1	5.8
112	77	Sabina Inds. C$1	77	......	—	—	—
£15⅞	£10	Tara Expln. $1	£13⅝	+⅛	—	—	—
45	32½	Tendy Minerals 10p	40xd	......	†h1.08	ϕ	4.2
145	84	Yukon Cons. C$1	139	−3	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend, cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ☆ Regional price.
- ‖ No par value

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 27

FINANCIAL TIMES

Friday October 8 1976

Jump in price index is blow to President

BY DAVID BELL

WASHINGTON, Oct. 7.

THE U.S. wholesale price index jumped 0.9 per cent. last month after a period of relative stability. This rise is bound not only to add to growing doubts about the strength of the U.S. economic recovery but will also prove extremely embarrassing to President Ford, with his election contest less than a month away.

To-day's bad news — last month's figure equals an annual rate of 11.7 per cent.—may be followed by more to-morrow. Mr. William Seidman, one of Mr. Ford's senior economic aides, said to-day that: "He will be lucky if to-morrow's unemployment figures, now 7.9 per cent., are even a tenth of a point down."

To make matters worse, next week's third-quarter GNP figures are expected to be noticeably below earlier Administration forecasts.

The price statistics were seized on to-day by Mr. Jimmy Carter, Mr. Ford's Democratic opponent, who called them another "tragic example" of the complete failure of Mr. Ford's economic policies. Mr. George Meany, the president of the AFL-CIO, issued an angry statement this morning claiming that the figures "make a mockery of the Ford campaign claims that America's economic problems have been solved."

The Democrats now clearly believe that the faltering economy may be the issue that, more than any other, could win them the election.

Economic problems apart the President is not getting the best of the campaign at the moment. Last night's television debate was a narrow but decisive victory for Mr. Carter.

Mr. Ford made a serious political mistake over Eastern Europe which may cost him vital support in North-Eastern States. There were also more suggestions to-day that his 1972 tax returns contain a number of matters that may require fuller explanation.

Key issue

But it is the economy that is becoming the over-riding issue. Mr. Alan Greenspan, the President's chief economic adviser, insisted once again yesterday to the American Bankers' Association that the economy is only "pausing" before resuming full-blooded expansion.

"Everything we see at this stage suggests that the recovery will resume," he said. But he conceded that the next phase may come rather later than the Administration was confidently predicting in the early part of the summer.

A majority of economists still seem to agree with Mr. Greenspan. But their number is dwindling and may fall further after to-day's figures.

Last month there was a 0.5 per cent. rise in food prices after two months of falls. But much more worrying was the 0.9 per cent. increase in wholesale industrial commodity prices—a much larger jump than expected and the biggest this year.

Over the past three months, falling food prices have tended to mask the fact that industrial prices have been rising at an annual rate of 9.6 per cent. (in the same period food prices have fallen at an annual rate of 11 per cent.). Economists note that this sharp rise in the industrial index is the more disconcerting because it usually rises at a more modest rate. The Labour Department said that wood, rubber, fuel and plastic prices led the rises in the price of almost every industrial commodity.

TV debate, Page 5

Wilson to head financial probe

BY PETER HENNESSY, LOBBY CORRESPONDENT

SIR HAROLD WILSON is to chair the Government inquiry into the operation of British financial institutions, it was announced from Downing Street last night.

His remit includes examing all bodies involved with channelling funds into the economy.

Specifically mentioned are the Stock Exchange, the Bank of England, all merchant and clearing banks, finance houses, life assurance companies, pension funds, building societies and the arrangements for export credit.

The inquiry is expected to take more than a year and could defuse the internal row within the Labour Party about the annual conference's proposal to nationalise the clearing banks and leading insurance companies until after the next general election.

Sir Harold will receive no payment for his services.

The Wilson committee's terms of reference are: "To inquire into the role and functioning, at home and abroad, of financial institutions in the U.K. and their value to the economy; to review in particular the provision of funds for industry and trade; to consider what changes are required in the existing arrangements for the supervision of these institutions, including the possible extension of the public sector, and to make recommendations."

The committee, whose members will be announced shortly, will keep in touch with future legislation being prepared by the Department of Trade to curb insider dealing and loans by companies to their directors.

It will also bear in mind the joint review being carried out by the Bank of England and the Department of Trade of the arrangements for overseeing security dealings.

Margaret Reid writes: The City which had generally welcomed the inquiry when it was first announced by the Prime Minister two weeks ago, reacted to yesterday's announcement of Sir Harold Wilson's appointment as chairman with surprise and some criticism.

Mr. William Clarke, deputy chairman of the City Communications Organisation, said: "We welcome both the broad scope of the inquiry and particularly the emphasis on the (City's) contribution to the economy at home and abroad."

Mr. W. G. Kneale, assistant chief general manager of the Midland Bank, commented: "We have no objections to the terms of reference and indeed we welcome the inquiry as a matter of principle."

But Mr. John Hull, deputy chairman of merchant bankers J.H. Schroder Wagg, remarked: "I would have hoped that this inquiry would have had a chairman who is a littl eless politically committed."

Appalled

However, Mr. Christopher Tugendhat, Conservative MP for the City of London and Westminster South, commented: "As MP for the City of London I am appalled that a man so fresh from the political arena as Sir Harold Wilson should be apopinted to chair the commission of inquir yinto the City. The task should have gone to an independent financial and economic expert."

Shortly after the Downing Street announcement Sir Harold Wilson said the committee's job would be to see how "relevant" the City was in to-day's economic situation.

"I think that throughout the centuries, throughout the decades, it has done a very good job," he said on television.

"The question is how far the job it is highly qualified to do, is relevant to the situation of to-day; how far the things that have got to be done, can propertly be done by them," he said.

Editorial Comment, Page 22

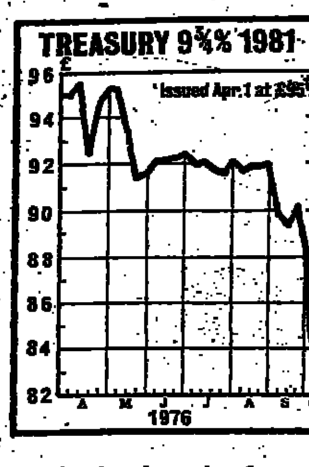
THE LEX COLUMN

Overdose of the MLR cure-all

Yesterday's two-point rise in MLR marks yet another in the series of drastic changes in monetary tactics. It is only two weeks, after all, since the Bank produced a short tap stock—Treasury 11½ per cent. 1979 "A"—on a yield below the then MLR of 13 per cent., indicating clearly that interest rates were to fall. Now the authorities have suddenly had to abandon their relaxed approach to monetary guidelines, in the knowledge that the IMF will require swift action. As yet unpublished figures for M3 in the September banking month show growth of at least 1½ per cent. This means that growth at an annual rate has accelerated from 10 per cent. in the first quarter of the financial year to 20 per cent. in July-September; but this must be reined back to an absolute maximum of 8 per cent. in the second half-year if the overall 12 per cent. limit is to be observed.

Index fell 14.6 to 296.0

TREASURY 9¾% 1981



The £1bn. or so of gilts sold in the latter part of September will have helped, but much more funding is necessary. The gilt-edged market is expecting another long tap this afternoon with a 16 per cent. yield, and there is also the possibility of a floating rate stock. But the ham-fisted approach of the authorities is seriously demoralising the securities markets. Far too much of the burden of adjustment is being loaded on to monetary policy alone. It is reassuring that the money supply guidelines are in fact to be observed—and presumably also the still tougher limits which the IMF will impose for next year. But unless some of the pressure is absorbed in public spending cuts the outlook for the private sector is worse than bleak.

An immediate crunch is faced by the financial and property sectors. Four of the more highly geared property groups—British Land, Town and City, Capital and Counties and English Property—had on average around a sixth wiped off their market capitalisations yesterday. On top of higher finance costs the inevitable rises in prime property yields will sharply cut proceeds from sales and further weaken balance sheets.

Merchant bank shares have continued to slump, and the clearing banks could find their bad debt problems worsening again. The clearers stand to benefit handsomely from the "endowment" element in recent rate rises: for the Big Four a two-point increase in base and deposit rates would add around £100m. in extra annual pre-tax profits. But in the last round of rises the clearers chose to forgo some of the extra earnings by narrowing their margins. Moreover, opportunities for profitable new lending will now be seriously restricted.

For the company sector as a whole the prospect is now for a serious cutback in growth projections for next year. The Government's industrial strategy has been ruthlessly abandoned. Although the gilt-edged market may be able to take some comfort from the action being taken to counter inflation, the root problem has yet to be attacked.

EMI

EMI's profits for the year to June are 70 per cent. up at £59.4m.—but some analysts had been hoping for more, and the shares fell another 13p to 176p on the day. There are one or two minor disappointments, like a sharp second half decline in the leisure division which has been hit by falling cinema attendances. But where it really matters, the figures look fine.

Thus profits in the electronics division have risen by four fifths to £26.4m before interest (almost as large as the music contribution) of which getting on for half may have come from medical equipment. These figures had to bear sizeable r and d write offs and other development costs in N. America, where the Scanner is currently being assembled for the first time. The order book is being maintained, and so are the profit margins. With sales increase of anything up to 50 per cent. in view, the medical division is going to have another good year.

So is the music side, where Capitol has got off to a strong start and the big Japanese market is also going well. EMI is cautious about the U.K. business, although this has not been particularly cyclical in the past. But the leisure and television interests, which together make up nearly a fifth of pre-interest profits, do look vulnerable to a squeeze on consumer spending in the U.K.

The uncertainties here are enough to limit growth forecasts for the current year to around a fifth, which is no more than the corporate sector as a whole could achieve. But almost a quarter of the pre-interest profits could arise from medical equipment, which still appears to have attractive prospects. So the shares still rate some kind of premium: the current yield is 6.1 per cent., and the p/e 7.

Debenhams

Debenham's sales are about the department store average with a rise of 18½ per cent. for the 28 weeks to mid-August. But because of the summer heatwave this is still below budget and as a result the group's deliberate policy of cutting gross margins in order to boost volume has clearly backfired. Before exceptional items profits for the period are nearly a fifth lower at £2.58m. pre-tax, compared with outside forecasts that started at well over £3m.

Demand is now beginning to get back into some sort of stride with sales through September some 21 per cent. higher, and with a bit of help from acquisitions Debenhams could still emerge from 1976 with higher profits. The food side is still in the doldrums and so is footwear, but fashion is apparently going well and the department store trade generally is back in shape, after a profits decline of £1m. in June and July. Outside expectations appear to centre on profits of £16m. pre-tax, against £14.5m. before exceptionals last time. The shares have nearly halved in price this year but at 53p the prospective yield is now up to 14 per cent.

Nuclear vessels 'can meet U.K. standards'

BY DAVID FISHLOCK, SCIENCE EDITOR

LARGE NUCLEAR pressure vessels for U.S.-designed light water reactors can be constructed to U.K. nuclear safety standards, a scientific study by the United Kingdom Atomic Energy Authority has concluded.

In a 156-page summary published to-day, the study group, headed by Dr. Walter Marshall, deputy chairman of the authority, calls for important changes to adapt the pressure vessels to U.K. conditions.

The report indicates that safety standards of pressurised water reactors have been raised substantially in the last two years. Serious doubts expressed in 1974 by Sir Alan Cottrell, then chief scientific adviser to the Government, about safety of pressure reactor advocated by the Central Electricity Generating Board, were justified.

Exacting task

It indicates that, despite CEGB claims at the time Britain probably did not know enough about the risks of "fast fracture" of the 428-ton steel vessels to license the U.S.-designed light water reactors in 1974.

Neither was it clear at the time that the Americans had studied the subject in sufficient detail to satisfy U.K. safety requirements.

Assembling the evidence has proved to be an unusually exacting task for the study group. Its report was finally submitted to the chief nuclear inspector this summer to assist an assessment of the safety of PWRs for U.K. conditions called for by the Government two years ago.

Sir Alan Cottrell's private (and later public) intervention, as an international authority on nuclear safety, was a significant factor in the Government's decision to order the steamer (steam-generating heavy water) reactor instead of the CEGB's choice, the PWR.

Called before a Parliamentary select committee yesterday, Sir Arthur Hawkins, chairman of the CEGB, said that the steamer reactor should be abandoned, but would not commit himself as to which reactor should replace it.

But the Marshall report, which has taken almost three years to complete, concludes that satisfactory answers can now be given to Sir Alan's questions. It finds that—subject to several essential conditions—large pressure vessels could be built to U.K. nuclear safety standards.

Among a total of 40 "essential recommendations," the Marshall report stipulates three major new conditions for safe operation of the American reactors:

1—That the reactor should be operated within much narrower limits of output to minimise risks of metal fatigue in pressure vessels.

2—That emergency cooling water supplies should be injected hot, to minimise risks of cracking the vessel through thermal shock.

3—That although rigorous ultrasonic inspection of the pressure vessel can reduce the probability of failure 100-fold, without it the probability of failure would be significantly greater than the upper limit for other kinds of pressure vessel.

The report makes a further 25 "recommendations for improved confidence."

Jolt to State energy plans Page 7
Feature Page 22

ICL may win Europe computer contract

By David Curry

THE BRITISH computer company ICL now seems within sight of winning the important contract for supplying equipment to the European Commission to replace existing IBM and CII facilities in Luxembourg.

The Brussels Commission had a long and angry debate on the contract this week over the final choice between an ICL system 2980 and a Honeywell 66/60 tendered by the Franco-American CII-Honeywell Bull concern.

With the present commissioners nearing the end of their terms and looking to their national capitals for subsequent employment, it is understood that the battle was fought on national grounds.

The elimination of the German company, Siemens, has apparently given the British concern the inside track.

Although no final decision was taken, it is understood that, provided contractual details can be cleared up and barring last minute developments, the contract will go to ICL.

Complete

Tenders to supply equipment for purchase or for lease to replace one model 3/0/145 IBM machine and one CII 10070 were invited in January. The new system will handle commission administrative tasks in three basic areas: Statistics, personnel and internal management, and information retrieval.

It is intended to have a network of 100 terminals in Brussels and Luxembourg by 1978 and up to 300 within five years after that.

ICL has tendered for the complete system. Its 2980, if it were bought rather than leased, would cost around £3-£3½m., while associated equipment to provide the terminal network would add about £1m. to the price. However, it is thought that one company is unlikely to be awarded the total contract.

Challenge

ICL would get a useful boost for its series 2900 by a prestige sale to the Commission. It is the biggest of the purely European computer companies and the series 2900 is the biggest machine being produced by European concerns.

The company has had limited success with sales of its very big machines in Europe, where the market is heavily geared towards national manufacturers. About six months ago the company indicated that it had orders worth about £70m. for its 2900.

With the Commission desperately trying to encourage some sort of European computer challenge to U.S. domination, IBM was virtually ruled out for the new contract on political grounds.

However, it is understood technical experts felt that the IBM system was the most suitable on offer. Apparently the recent link between the French CII company and Honeywell Bull did not weigh against the French offer. This, it is understood, was based on two Honeywell 66/60s to be replaced by 66/80s as the work load built up.

Continued from Page 1

Healey moves

The jump in interest rates to record levels will also, it is hoped, create an atmosphere in which it will be possible to renew substantial sales of gilt-edged stocks.

The 1½ per cent. rise in rates last month brought a brief period of enthusiasm in the gilt-edged market in which the authorities were able to sell approaching £1bn. of stock in a week before the renewed decline in sterling hit the gilt-edged market.

The authorities also hope that the moves will help the pound, which has dropped to new lows again this week. As well as reassuring foreign holders, it is argued, the rise in rates should make it more expensive to speculate against sterling.

Yesterday the news gave an immediate boost to the pound, though it slipped back later with the market still uncertain and nervous.

In order to achieve the surprise jump in rates, however, the authorities have had to abandon the normal formula by which the minimum lending rate is decided in relation to to-day's Treasury bill rate.

For only the second time since MLR was adopted in place of the old bank rate in 1972, the Bank suspended the formula "until such time as it is capable of being applied without reduction in the rate now established," and announced the increase independently.

It is recognised in Whitehall that the record level of interest rates will pose a threat to the industrial strategy and the recovery of investment, which are regarded as central to the current economic policy.

The Government is clearly hoping, however, that it will not be necessary to maintain the current crisis levels for too long. The possibility of a downturn in rates in the reasonably near future would help sales of gilt-edged stocks and could reduce the pressure on industry to scale down investment plans because of the high cost of money.

The moves will mean sharply higher borrowing costs for industry, acting as a further discouragement to new investment, but at present it is not thought that they will result in any shortage of funds for lending to industrial borrowers.

The banks were waiting for market interest rates to settle down before deciding on their own base rates, but there appeared a strong likelihood that they would be forced to raise them by the full 2 per cent to 14 per cent.

The call to special deposits is not expected to present any major problems, since the banks are at present highly liquid and demand for loans has remained fairly sluggish. However, the official tactics clearly imply pressure on lending to personal borrowers if demand for funds by high-priority borrowers in the industrial sector recovers substantially.

The Bank yesterday re-affirmed its guidance to banks to give priority to industrial borrowers and reminded them that they were required to observe strictly the terms of the notice issued in July about the direction of their lending.

John Brown subsidiary in £25m. export deals

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE GAS turbine subsidiary of John Brown Engineering of Clydebank yesterday announced export contracts worth £25.5m. bringing its total order book to £88m. since April.

The new orders for China, Algeria and the Middle East come within two months of a £26m. deal to supply turbines to Russia for the Orenburg gas pipeline, and another of £35m. for an aluminium smelter in Dubai.

Mr. William Connell, managing director of JBE gas turbines, said in Clydebank he was reasonably confident of achieving £100m. worth of orders by the end of the year.

The order from China is for a [illegible],000 hp mechanical drive unit. Two previous orders supplied by the firm have been for power generation sets.

Mr. Connell said he had not been told what the unit would be used for, but added: "It could be used to drive a large compressor of the type used to pump natural gas through a pipeline. It is well known that China has made discoveries of oil and gas recently and it is reasonable to assume that they might be planning a pipeline on a large scale.

"We hope this order will be the thin end of a very large wedge."

Other orders include four 32,000 h.p. units for Sonatrach of Algeria, four 25 MW generating units for the new university of Riyadh in Saudi Arabia and two 25 MW power units for Abu Dhabi. Five further units have been ordered by three other clients, but the company said it was not yet free to name them.

Since the Russian order was placed in August 75 new jobs have been created at Clydebank and a further 25 may follow. The 1,600 workers employed on gas turbines have job security until at least mid 1978.

The picture is not quite so optimistic for JBE Offshore, the other John Brown subsidiary at Clydebank which employs 800 men. It has suffered from the hiatus in oil related work

News Analysis, Page 10

Continued from Page 1

Dearer bank loans

meeting resumed later in the afternoon.

The building society officials were told at the Treasury that the Government hoped the high interest rates were expected to last only a short while and that the societies should not be panicked into hoisting their rates too far.

There is a chance that the movement could delay its final decision for another week.

There is also a possibility that the banks could find a limit placed on the amount they pay their depositors as happened in 1973. This would help to cushion the societies from the full impact of the latest interest rate rise.

Weather

U.K. TO-DAY

SUNNY SPELLS and scattered showers. Blustery in northern areas, with gales in places

London, S.E., S.W., Cent. S. England, Channel Is.

Fog early. Scattered showers, perhaps general rain later Sunny spells. Max. 16deg.C (61deg.F).

E. Anglia, Midlands, E., N.E., N.W., Cent. N. England, Wales, Lakes, I. of Man

Fog early. Scattered showers; bright spells. Max. 15deg.C (59deg.F)

All Scotland, Shetland, N. Ireland

Showers, occasionally heavy; bright or sunny intervals Wind W. strong to gale. Max. 14deg.C (57deg.F).

Outlook: Changeable. Rain at times, but also bright intervals Temperatures near normal.

Lighting-up: London 18.53, Manchester 19.00, Glasgow 19.05, Belfast 19.13.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Alexandria	F	29	84	Luxembrg.	F	20	68
Amstrdm.	C	19	66	Madrid	S	23	73
Athens	S	25	77	Manchstr	S	14	57
Barcelona	S	23	73	Melbourne	R	11	52
Belfast	C	11	52	Milan	S	20	68
Belgrade	S	19	66	Montreal	C	15	59
Berlin	F	17	63	Moscow	F	4	39
Birmghm.	F	16	61	Munich	S	22	72
Bristol	F	16	61	Newcastle	R	11	52
Brussels	C	21	70	New York	C	21	70
Budapest	F	18	64	Oslo	F	14	57
B. Aires	C	19	66	Paris	S	24	75
Cairo	S	32	90	Perth	S	23	73
Cardiff	F	15	59	Prague	F	21	70
Cologne	S	23	73	Reykjavik	C	5	41
Copnhagn.	C	14	57	Rio de J'o	S	26	79
Dublin	C	11	52	Rome	S	24	75
Edinburgh	C	10	50	Singapore	C	29	82
Frankfurt	S	21	70	Stockholm	F	15	59
Geneva	S	18	64	Sydney	R	21	70
Glasgow	C	13	55	Tehran	S	22	72
Helsinki	R	3	41	Tokyo	S	21	70
Hong Kg.	C	27	81	Toronto	C	[illegible]	46
Jo'burg	C	22	72	Vienna	F	21	70
Lisbon	S	23	73	Warsaw	C	18	64
London	S	19	66	Zurich	S	18	64

HOLIDAY RESORTS

Ajaccio	S	22	72	Jersey	F	17	63
Algiers	S	26	79	Las Plms.	S	25	77
Biarritz	S	25	77	Locarno	S	20	68
Blackpool	F	14	57	Majorca	S	[illegible]	[illegible]
Bordeaux	S	25	77	Malaga	S	[illegible]	[illegible]
Boulogne	C	16	61	Malta	F	21	70
Casablnca.	S	26	79	Nairobi	S	25	77
Cape Tn.	S	23	73	Naples	S	24	75
Corfu	S	27	81	Nassau	S	[illegible]	[illegible]
Dubrovnik	F	25	77	Nice	S	21	70
Faro	S	24	75	Oporto	S	24	75
Florence	S	24	75	Rhodes	C	28	82
Funchal	C	25	77	Salzburg	S	20	68
Gibraltar	S	22	72	Tangier	S	[illegible]	[illegible]
Guernsey	S	16	61	Tenerife	S	22	72
Innsbruck	S	19	66	Tunis	F	24	75
Inverness	F	13	55	Valencia	S	25	77
Is. of Man	R	11	52	Venice	S	21	70

S—Sunny. F—Fair. C—Cloudy. R—Rain.

Enterprise Board may see Leyland Mini plan to-day

BY TERRY DODSWORTH AND ARTHUR SMITH

BRITISH LEYLAND plans for its new Mini—one of the most important investment decisions facing the company—are expected to be put to the National Enterprise Board for approval to-day.

Hopes that the company would be able to stick to its timetable for submitting the plan rose yesterday when workers at its Longbridge plant voted by more than three to one to accept productivity commitments demanded by the management.

Nevertheless, in a surprising reversal of its previous plans, Leyland said last night that it would not be making its final decision on recommending the Mini scheme to the NEB until this morning.

This decision was apparently made in order to allow Mr. Alex Park, Leyland's chief executive, to clear up several points arising from the productivity agreements

British Leyland has stressed all week that it is imperative to move ahead on the Mini programme as quickly as possible. The row which engulfed the Longbridge works—the largest plant involved in the Mini plan—was caused partly by a management decision to try and hustle the workers into a decision this week.

It is apparent, therefore, that every effort will be made to put the Mini programme to the meeting of the full Board of the NEB to-day.

If the investment in the car is to go ahead, the company needs to start putting out contracts to suppliers as quickly as possible.

The voting at Longbridge yesterday was 10,828 in favour of the productivity commitments and 2,034 against, with 328 abstentions.

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